Financial Statement
and Budget (India)
1920-21

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OF THE

ROYAL ASIATIC SOCIETY.

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EAST INDIA

(FINANCIAL STATEMENT AND BUDGET, 1920–21).

FINANCIAL STATEMENT AND BUDGET

FOR 1920–21,

AND

DISCUSSIONS THEREON IN THE LEGISLATIVE COUNCIL OF THE GOVERNOR-GENERAL.

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17 *May* 1920.

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BOMBAY BRANCH
OF THE
Royal Asiatic Society.

EAST INDIA (FINANCIAL STATEMENT AND BUDGET, 1920-21).

FINANCIAL STATEMENT and BUDGET for 1920-21, and Discussions thereon in the Legislative Council of the Governor-General.

India Office,
13 May, 1920.

F. W. DUKE,
Under Secretary of State for India.

(*Presented pursuant to the Government of India Acts*, 1915 & 1916, *sec.* 26.)

Ordered, by The House of Commons, *to be Printed*,
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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET

FOR

1920-1921.

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OF THE
ASIATIC SOCIETY

Speech of the Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1920-21.

In your speech delivered on the opening day of this session, your Lordship referred to the great services which Lord Meston had rendered in the cause of Indian Reforms; I may be permitted here to-day to add an expression of regret that his guiding mind is no longer at the disposal of India at a time when her finances present so many complicated problems; that this Council will no longer have the benefit of that happy gift of lucid exposition, which could render interesting the most complicated questions of finance and seemed able to endow with a spirit of life the dry bones of our statistical tables. That happy gift I cannot pretend to emulate; but I will venture to pay my distinguished predecessor the compliment of attempting to imitate the method adopted by him last year in introducing the Financial Statement. I will not read out to Council the necessarily lengthy Statement which I shall shortly place on the table, but will give as briefly and as clearly as possible the salient features of interest in it.

I shall deal first with the facts and figures of the financial year now drawing to a close. While for our partner nations in the great War it has been a year of demobilisation, a year in which they have been able to devote their efforts to making a beginning in the reorganisation of their social and industrial forces, we have had troubles of our own which, if small in comparison with what Europe has endured during the last four years, have nevertheless had a dominant influence on our finances. But for the Afghan war and Waziristan campaign, there was nothing in the history of the year which would have been likely to disturb our budget anticipations. Scarcity conditions, resulting from the monsoon failure of 1918, persisted through the earlier months of 1919, and before June famine had been formally declared in twelve British districts and certain Native States. But though the area affected by the scarcity was unusually wide, the maximum number of persons on famine relief was less than one-tenth of the number on relief in 1900. All apprehension of really severe famine conditions was relieved on the arrival of the monsoon. Somewhat late in coming and at first ill-distributed, it declared itself in strength towards the end of July and finally gave a rainfall such as India had not seen for many years past. It is true that, though the monsoon relieved the immediate actual scarcity, it did little to reduce the prevailing and widespread stringency due to high prices, which has caused and is still causing great distress to all classes on fixed wages and fixed incomes. We have witnessed the inevitable reaction in strikes and threatened strikes throughout the country; the temporary provision made in the shape of allowances to lower paid Government servants has already added seriously to our expenditure, and both the Imperial and Provincial Governments have had to include in the figures for the coming year large provision for the revision of their subordinate establishments. But if many of the poorer classes were suffering from the stress of prices, the general economic conditions were undoubtedly favourable to trade. With the gradual improvement in freightage and traffic facilities both imports and exports have increased. There has been a marked improvement in the balance of trade in favour of India. That balance in the first nine months of the year amounted to 64 crores as against 35 in the previous year, and an adverse balance of 5 crores in 1917. A further proof of the growing prosperity, and a clear evidence of the extent to which India has accumulated capital during the war, was afforded

by the remarkable growth of company flotations during the year. We may take somewhat divergent views of some aspects of this extensive flotation of capital issues; for the present I only adduce it as encouraging evidence of India's increased interest in the economic use of money and her obvious ability to finance an era of industrial expansion.

Up to this point, with the exception of the strain caused by the Afghan war and the internal pressure of high prices, the financial history of the year has presented no unusual features. There is, however, another side to the narrative of more peculiar interest to-day, and one with which I know the Council will wish that I should deal in some detail: I mean the history of currency and exchange during the year. We fortunately had no such violent currency crisis as that which Lord Meston described so graphically last year. Though we have used up the great bulk of the bullion secured to us by the Pittman Act, and which saved us from inconvertibility last year, we have now a reasonably strong holding of silver coin. In October it stood at 35 crores, the highest since 1915; it stands to-day at over 28 crores. Strong as our holdings are, we shall not be in calm water till we can be assured of laying our hands on fresh supplies to replenish the gradual process of absorption now taking place—a difficult matter in the present state of the world's markets. We have, therefore, reluctantly been obliged to retain the restrictions on the free encashment of notes at our district treasuries; and to maintain the check on the movement of silver by train. But if the silver position has not caused us any great anxiety, the movement of exchange has been of engrossing interest during the year. Lord Meston explained last year how the rise in exchange followed the breaking away of silver from its pre-war level. That process has continued, and the further changes which have been made in the rates for Council drafts have as before been dictated by the threat of a heavy loss on coinage and the danger to our silver currency caused by the premium on the export of rupees.

The closing fortnight of the last financial year introduced a new factor into the problem, which has rapidly grown to dominate every other feature. In March last official support of the American exchange with England was withdrawn; the dollar exchange, weighted down by the indebtedness of Europe and the balance of trade against her, commenced to fall; and the American price of silver ceased to be the one dominating factor in determining the rupee sterling exchange. The rate at which India could acquire silver for coinage no longer depended solely on the price of silver in dollars, but was adversely affected by the smaller number of dollars that could be obtained for the pound sterling. Moreover, the rising price of silver itself received a new impetus early in the current year, through the removal in May of control in America. The lower exchange value in America of the pound sterling, and the rapid rise in the price of silver in American currency, necessarily entailed the raising of the exchange value of the rupee, if we were not to see our silver coins smuggled out of the country and our currency notes made inconvertible. In May the rate for Council drafts, which had remained stationary at 1*s.* 6*d.* for over a year, advanced to 1*s.* 8*d.* and this was followed by further rises till in December the rate stood at 2*s.* 4*d.*

To counteract as far as possible inconvenience to trade from the instability of exchange, Council and sterling drafts have been offered for sale as freely as our resources in India or at home, as the case may be, have permitted. During the first nine months of the year the demand for Councils persisted with varying degrees of urgency, until January when a complete reversal of the position occurred. The Currency Committee had just completed their sittings and their conclusions were awaited. The export trade at the time was not urgently calling for finance, and the uncertainty as to the future led a number of remitters to take advantage of the 2*s.* 4*d.* rate then prevailing. A demand for sterling drafts arose and during January Reverse Councils to the extent of 5½ million were sold. This recital of the changes which the year 1919 has witnessed in the exchange value of the rupee brings me to a consideration of the new orientation which has recently been given to our policy, with the acceptance by the Secretary

of State of the recommendations of the Indian Currency Committee. We have accepted without qualification the Committee's conclusions, which are substantially on the lines which we ourselves recommended in October last. It is possible that the Secretary of State's decisions on certain of the Committee's recommendations may be the subject of discussion or legislation in this Council. For the present, I will merely indicate the two outstanding features of the Committee's recommendations; these are, firstly, the linking of the rupee to gold, and secondly, the adoption of a ratio therefor equivalent to one-tenth of the gold contents of the sovereign.

On the first point, I think it may fairly be said that there is a strong body of opinion that the Committee's conclusion was inevitable. Linked to sterling, the rupee would share with the latter all its fluctuations of fortune. Every rise of prices in sterling-using countries would inevitably, by the mechanical linking of the rupee to the pound, communicate to this country the same shrinkage in the purchasing power of money, and until sterling regained its parity with gold, India would be saddled with an unstable and fluctuating standard of value. We should continue to share with the United Kingdom all the evils of inflated prices. It would be impossible to give any definite gold value to the rupee, or to say what amount of silver a rupee could purchase in America; while restrictions on the movements of the precious metals would have to be continued indefinitely.

As regards the second point, the actual rate to be adopted for the ratio between the rupee and gold, the matter is more controversial; and fears have been expressed in some quarters that the rate of ₹10 to the gold content of the sovereign is too high, and may inflict injury upon our export trade. I will only emphasise two considerations, bearing on the choice between a high and a low rate, which seem to me to outweigh all others. The first is that, if the high prices now prevailing in most foreign countries are to be brought into relation with Indian prices on an exchange basis for the rupee at anything approaching the old level of 1*s.* 4*d.*, then the consequences to the people of this country would be little short of disastrous; the present level of internal prices would be stereotyped, or, as is more probable, would advance to heights even now unthought of. The interests of the many millions of consumers in India, whose margin of subsistence is at the best none too large, must come before those of any other class. Secondly, a return to a low exchange would very seriously imperil all chance of maintaining the convertibility of the note issue. If the rupee were linked on to gold at a rate of 15 rupees to the gold content of a sovereign, it would be impossible to maintain our silver currency unless the price of silver in America remained below 92 cents. At 10 rupees to the sovereign we can purchase silver and coin rupees therefrom up to an American price of 138 cents, which is well above the melting point of the currency of almost every other country.

Unfortunately (and I come now to the fact which will be most prominent in the minds of Council and the public to-day in this connection because the result of the working of these theories is, perhaps, of more interest than the actual theories themselves), at about the time that the Report was published the dollar-sterling exchange, which had already fallen heavily, took a further downward plunge. In these circumstances, the linking of the rupee to gold necessarily caused its exchange value as expressed in sterling to rise by several pence. The demand for reverse Councils became unprecedentedly great and the exchange markets could have absorbed considerably more than the £11 million of reverse Councils which we sold during February. This fact resulted in a considerable divergence between the gold rate at which, following the Currency Committee's policy, we have been selling reverse Councils and the actual market rate. Speculators and profiteers have not been slow to take advantage of the situation. The effect of the heavy remittances made, accompanied by a sudden attempt to realise assets, was sensibly to tighten money. The present situation is one that requires caution in handling, and we have been in continuous communication with the Secretary of State in the matter. The general lines of the legislative measures which with the sanction of the

Council we propose to take, have been explained in a public announcement made on February the 23rd. The object of these measures is to provide for the continued sale of reverse Councils with the minimum embarrassment to the market through the withdrawal of funds, and I do not think I need say any more on the subject on the present occasion. But I must add a warning that a prolonged continuance of the present conditions would inevitably react upon our whole ways and means programme for next year, which is now, by reason of its very magnitude, far more dependent than formerly upon Indian money conditions.

This account of the course of exchange, and of the measures which have now been taken to adjust our policy to the changed conditions of the time, brings me to a matter which is of considerable importance in dealing with our revised estimates and our budget anticipations, and to which I must devote some explanation. Our accounts have throughout the year continued to be kept on a 1*s.* 4*d.* basis and the Secretary of State has decided that, for the purpose of this Financial Statement, the conversion of rupees into sterling and *vice versâ* should be effected at the old level. This results in a number of complications, particularly as regards our capital and remittance transactions, to which I shall refer in due course. In order that the Council may judge of the aspect of our budget on the 2*s.* basis, which the Secretary of State has decided to adopt for all our accounts and statistics with effect from the 1st April next, I have had a separate statement prepared showing the budget estimates of revenue and expenditure for the next year as recast on the new basis. The matter with which I am more immediately concerned is the method by which we propose in the revised and budget estimates to treat our gain by exchange. We estimate that during the current year the net gain, that is, the gain after deducting the loss on rupee coinage and on gold purchases, acquisitions and sales, will amount to ₹11¾ crores.

Now it will be at once obvious to Hon'ble Members that in this "gain" there is a great element of artificiality, and that it would not be correct to assume that whenever our accounts show a gain on exchange, this represents a real accretion to our resources, for the so-called gain we obtain every time we transfer a million pounds to the Home Treasury is liable to be turned into a loss if the amount has to be retransferred to India. There are, however, certain of our operations, the exchange gain in respect of which we are entitled to regard as real and permanent. Most of our capital outlay on railways consists of the purchase of machinery and stores in Europe or America. We have decided therefore, in view of the large sums involved, that our capital accounts should properly get the benefit of the higher rate of exchange prevailing. Accordingly, out of our total gains by exchange of ₹11¾ crores in the current year, ₹7¼ crores will be credited to the railway, irrigation and Delhi capital accounts.

There remains, then, ₹4½ crores to be dealt with, and when considering how this should be treated we are met by another fact of capital importance. The definite abandonment for accounts purposes of the 1*s.* 4*d.* rate, and the adoption therefor of a rate of 2*s.* to the rupee, will result in our accounts showing, what after all is merely an accomplished fact, a serious capital loss on our sterling holdings, more particularly on those which form the sterling portion of the Paper Currency Reserve. Without entering here into the details on which the calculation is based, I may say that the deficiency in our Paper Currency Reserve, assuming a revaluation on a 2*s.* basis, may ultimately amount to nearly ₹40 crores.

I wish to emphasize very strongly that the making up of this deficiency is not a matter which can be postponed indefinitely, or can be regarded as of theoretical rather than of practical importance. Quite apart from any question as to our legal responsibilities under the Paper Currency Act, the circulation of our currency notes rests ultimately upon public confidence, and we cannot contemplate with equanimity a position in which the amount of the securities held in the Reserve is patently insufficient to cover the circulation. The

importance of adopting speedy measures to supply this deficiency is obvious; it is equally obvious that this object should have the first call upon the gain by exchange, seeing that they are both due to one and the same cause. After consultation with the Secretary of State, we have decided to earmark the residue of the current year's exchange gain, amounting to R1⅓ crores, for meeting this deficiency.

I have now finished with the greater part of the technical matter and I can come to an account of our actual incomings and outgoings.

I will first deal with the ordinary heads of revenue and expenditure. In framing his estimate of revenue for the current year, Lord Meston was faced with a very obscure situation; but he took an optimistic view; and events have justified his optimism. Both Railways and Customs show a response to the improved economic conditions of the year; and income-tax has also exceeded our budget expectations. The net result will be that our Imperial revenue will be R1,35½ crores against an estimated total of 1,29½ crores. Our ordinary heads of expenditure (excluding for the moment the Military Services) will show a nearly corresponding excess. Taking the whole ordinary expenditure (excluding Military) the total will amount to R69 crores against an anticipated total of R64 crores: and the position as between revenue and expenditure is a great tribute to the accuracy of the estimates prepared last year by Lord Meston and Mr. Howard. It is when we come to take count of the figures of Military expenditure that the result assumes an aspect entirely contrary to their anticipations. They expected a surplus of £600,000; I have to announce a deficit of £14⅓ million. The Budget provided for a total Military expenditure of £41¼ million, which included £8¾ million representing the current year's instalment of the additional war contribution. In respect of this last item we will actually pay only £1½ million; on the other hand, the Afghan war and the Frontier operations are estimated to have cost us £14¾ million, while the ordinary military expenditure shows an excess of £8¼ million, the net result being an excess of no less than £15¾ million. That is a result for which, I know, the Council will to some extent be prepared, but which nevertheless requires some justification.

In presenting the Military estimates for the current year, it was assumed that the year 1919-20 would be one of demobilisation. Unfortunately, as the Council are well aware, this anticipation has not been realised. We were compelled not only to postpone the disbandment of considerable bodies of additional troops which were raised in India in 1918, but also to adopt every expedient which economises human life at the expense of mechanical contrivances and which makes life more comfortable on field service. High prices ruled everywhere and these affected not only the cost of material but the cost of our Indian recruits, including followers. But the expenditure was unavoidable; when it is a question of war, purely financial considerations must necessarily give way. So much for our direct expenditure on the Frontier operations; but apart from this the general military expenditure in the current year is as I have said estimated to exceed the specific provision in the budget by £8¼ million. The occurrence of this excess expenditure, in addition to the direct liabilities of the Frontier operations, has engaged our anxious attention for some time past, and in November last, a Sub-Committee of the Executive Council was appointed to investigate the causes contributing to the excess demand. In the result, while steps were taken to enforce every practicable economy, extra expenditure to the amount now stated has been found to be inevitable. The detailed figures will be found in the Financial Statement; the excess is explained partly by the cost of the war gratuities and by the increase in the pay of personnel; partly the execution of items, ahead of programme, which, though adjustable for accounting reasons against the ordinary estimates, are more or less directly attributable to the Afghan war. In short, regrettable as the excess of ordinary military expenditure may have been, it was obligatory, and much of it is of a kind which will be of permanent value.

So much for the details of revenue and expenditure, leading up to our deficit of £14⅓ million. But the financial history of the current year is not

yet quite complete, for I must refer briefly to the manner in which we have financed ourselves during the year, a question dealt with in that portion of our budget known as the Ways and Means section. I do not think I need enter into great detail here. One fact I may state by way of preface. We now no longer suffer from the difficulties which caused so much embarrassment to Sir William Meyer and Lord Meston, by the fact that so much of our cash balances were locked up in London. It has now become possible for the Secretary of State to retransfer his surplus balances to us by means of remittances of gold; and the difficulties of the future are likely to arise not from the *locale* of our resources but from their amount. Neglecting for the present the Secretary of State's transactions, we have had to provide finance in India for 130 crores. Allowing for receipts of gold and from Reverse Council Bills, amounting together to 80 crores, we have had to find 50 crores by other means. It is the method by which this sum has been provided which will interest the Council. Our rupee loan realised 21¼ crores. We made no attempt on this occasion to repeat the special propaganda associated with the two war loans; we had in 1917 and 1918 dipped heavily into the pockets of the investing public; and in the present year we had, competing with us, a very large number of new Company issues. The result of our loan therefore is, as I think the Council will agree, of hopeful augury for the future.

Leaving on one side, as of minor account, the figures of cash certificates and savings bank deposits, I come to a source of finance which has become of increasing importance—if occasionally also of some anxiety to us—our Treasury Bills. Lord Meston entertained the hope of being able, during the course of 1919-20, to reduce our treasury bill outstandings by about R22 crores. These hopes were defeated by the large outgoings due to the Afghan war and the frontier operations, which had to be financed mainly by fresh sales of bills; the extent to which this was necessary will be gathered from the fact that at one period in October our outstandings had grown from 49¼ crores on April 1st to no less than 68 crores. In September our treasury position was one of particular difficulty and, I know, was viewed with anxiety by Mr. Howard. There were heavy maturities of bills to meet, and very high military issues, while the Secretary of State was drawing on us for Councils at the rate of about a crore a week. The proceeds of the loan were speedily exhausted, and our balances remained so low that all possible sources of assistance had to be exploited. In the first place, as in the preceding year, the Presidency Banks were able to come to our help, and, all told, their advances to us amounted to 18½ crores. Secondly, we were obliged to obtain from the Council legal authority to increase our fiduciary issue of notes by 20 crores.

In December (a month in which little revenue is collected and when our treasury balances are at the best of times always low) we had no less than 26½ crores of treasury bill maturities to meet. During December it seemed from day to day that we should have to fall back on our increased powers of note issue, but events happily took a more favourable turn; we were not driven to that final extremity, and we managed to turn the corner till, at the beginning of January, our revenue began to come in. Since then our position has been one of comparative ease; and we anticipate that we shall be able to reduce our treasury bill outstandings by the end of the year to the figure at which they stood at the beginning of April last, while the whole of the ways and means advances will have been repaid to the Presidency Banks.

But we have been sailing very near the wind, and the moral is obvious. Anything approaching 50 crores of treasury bill outstandings, to say nothing of the 68 crores reached in October last, is a dangerous amount of floating debt for India to carry. We must do all in our power to reduce our floating debt to more manageable proportions. In so far as this is not effected by funding in our long term loans, we must aim at utilising any surplus, arising from our ordinary revenues, to strengthen our ways and

means position and to make us less dependent on the particular form of finance with which I have been dealing.

So much for the history of the year that is ending; I now turn to the budget for the coming year. I do not propose to trouble the Council with many details of our anticipations under the various heads of revenue and expenditure. Broadly speaking, these are based upon the belief that there will be no set-back in general prosperity and that our revenues will continue to show that same expansion which has been exhibited in the current year.

As regard Customs we are budgeting for R25½ crores, representing an increase of over R3 crores on the expected revenue of the current year. Under Railways we have taken an increase of R4 crores over the R80 crores budgeted for the current year. As regards the gains from exchange, I will confess at once that it is difficult to frame a reliable estimate of what this figure is likely to be next year; on the best estimate we are able to frame, our total gain during the year will amount to about R30¾ crores. Of this amount R12¾ crores will be credited to our capital accounts; we propose to earmark R12 crores towards meeting the deficiency in the Paper Currency Reserve, leaving R6 crores to be credited to our revenue account.

If these anticipations be realised, our total Imperial revenue will be £92½ million (R1,38¾ crores). The estimate assumes the discontinuance of the Excess Profits Duty which was imposed as a temporary measure in March last.

On the expenditure side, there is little to bring to the notice of Council. Altogether our expenditure under the ordinary heads is expected in the aggregate to exceed that of the current year by £3 millions. The most important item, however, if of course our military expenditure. We are entering a total figure of £40 million, as against £41¼ million in the current year's budget and the £57 million which we are expecting will actually be incurred; but I would ask the Council to bear in mind that whereas out of our figure of £41¼ million last year only £32⅓ million was meant to be available for the effective service of the army, our figure for next year gives £38½ million as so available. The question of military expenditure for the coming year has caused us no less anxious consideration than that of the excess expenditure during the year drawing to a close. The matter is being specially examined by the Sub-Committee of His Excellency the Viceroy's Council, to which reference has already been made, and the problem with which they have to deal is one of unusual difficulty. But I may say at once that, if India is to maintain in an efficient state an army of the strength required for the adequate defence of her frontiers, the cost of the military services will in future be much in excess of the sum which we have been accustomed to allot in our budget for this purpose. We obviously cannot revert to the pre-war standard of equipment, since it would be neither right nor humane to deny to our soldiers the advantage which an improved equipment ensures, and the new equipment is extremely expensive both in initial cost and cost of maintenance. I can give the Council a guarantee that the very full data collected by the Army authorities have been exhaustively scrutinised; every feasible economy has been effected, and the provision of £40 million is the least which can safely be inserted in the Budget.

I have given the major details both of revenue and expenditure; and I now come to the net result; and it is the net result which will after all have most interest for the Council this morning. The net result is that we anticipate a total expenditure of £90½ million resulting in a surplus of £2 million. This is somewhat higher than that for which we usually budget, but if I have carried the Council with me in the remarks I made just now regarding the grave necessity for keeping down our floating debt, it will appreciate our reason for going somewhat beyond the usual figure. But what the Council will also desire to know most, is whether we hope to attain this surplus without increased taxation; and I will not keep them in suspense on the subject.

In only one direction do we propose to modify our present scale of taxes. The present super-tax on the undivided profits of companies and firms has been the subject of considerable criticism in the past. In the speech which he made last year on the Excess Profits Duty Bill Lord Meston gave on behalf of Government an undertaking that the question of so readjusting our taxation on incomes as to meet these objections would be considered as soon as the excess profits duty ceased to be levied. That time has now arrived. On the best estimate we have been able to frame we conclude that, if we relieve the undivided profits of companies and firms of the super-tax at present imposed, which runs up to 3 annas in the rupee, we shall lose about R1,76 lakhs. We therefore propose to replace this by a new form of super-tax, which will be assessed at the flat rate of 1 anna in the rupee upon the total income of each company in excess of R50,000. The new super-tax on companies is estimated to bring us in about R44 lakhs more than we lose. We should have been glad of course to have utilised this surplus in regrading the lower stages of the ordinary income-tax in order to relieve the poorer taxpayer and to make the stages more symmetrical. But we have felt it unsafe to do so at present in view of the necessity, to which I have already referred, of making provision for meeting our temporary debt and short term liabilities.

I have one more explanation to give in connection with the estimates of revenue and expenditure, and it is an important one. Both in our revised estimates and our budget for the coming year provision has been made for the payment of certain portions of India's further contribution towards the cost of the war offered to His Majesty's Government in pursuance of the Resolution passed in this Council in September 1918. These entries have been made only provisionally, since the Resolution contained a reservation that the offer of this further contribution should be subject to the conditions and safeguards indicated in Sir William Meyer's speech. Those conditions were that the payment would be reconsidered in the event of two contingencies occurring,—firstly, our having to fight on our own frontiers and to incur large expenditure in that connection, and secondly, our being faced with serious financial burdens in other respects such as a famine or great currency crisis. The Council will probably agree with me that the second contingency has not arisen. But the expenditure of about £15 million involved by the Afghan war and frontier operations of 1919 clearly makes the first condition operative. Whether we should stand on that condition, or should agree to waive it, wholly or in part, is a matter which must be left to the verdict of the non-official Members of the Council. There are considerations of weight on both sides. I will not attempt to balance these here, but in order to provide Honourable Members with the material necessary for forming an opinion on the merits of the case, I have appended to the Financial Statement a special note on the subject, in which I have endeavoured to state impartially the financial aspects of the case.

I will now deal with the demands which we anticipate will fall on our cash resources during the coming year. The most important item is our capital outlay on railways, irrigation and Delhi. We hope to continue the progressive railway policy initiated last year and are budgeting for a railway capital expenditure of £18 million in England and 4½ crores in India as compared with the £18 million in England and *nil* in India budgeted for the current year. For irrigation we are budgeting for £580,000, which is all that the Public Works Department can spend until some of the large new projects now begun or under contemplation reach a more developed stage. For Delhi we are entering £800,000, which is however reduced to £736,000, by a credit for gain on exchange. Another very important item is the entry of £13 million for discharge of debt. From 1920 onwards our various series of War Bonds, issued in 1917 and 1918, will mature, and for some years their repayment will make a severe call on our resources ; on August 15th next we have to find over 19 crores for this purpose.

Next, we hope to apply 9 crores in making up the deficiency in the Paper Currency Reserve ; and finally, we have to meet heavy drawings by the provinces

on their balances amounting to over 5½ crores, largely required to finance increases in the pay of subordinate establishments. Altogether, then, we have to meet liabilities amounting to £38½ million. This is a heavy liability, and our power to incur the capital outlay proposed will depend to a large extent on the measure to which we can count on obtaining money through our rupee loan. We assume, for the present, that the Indian public will be prepared to take up our loan with something of the freedom shown in the current year and have felt justified in taking a figure of 15 crores. Should we be disappointed in this, we shall be obliged, however reluctantly, to curtail our capital programme. With the remainder of the details making up the total of £38½ millions I need not now trouble Council.

I have now summarised the revenue and expenditure and the ways and means forecasts for the coming year; and I can conclude a narrative which I am afraid must have already proved too long for the patience of many here. But before I do so, I must allude to one financial consideration of engrossing interest to most members of this Council. I promised a week ago a statement regarding the extent of the finances which will be at the disposal of the reformed governments under the new classification of accounts. The Joint Report of 1918 anticipated an Imperial deficit of 13½ crores, that deficit being made up by contributions from the provinces. This would have left the provinces in the aggregate with a net surplus of about 2 crores. After considering the effect of the present budget as arranged on a 2 shilling basis, we now feel justified in assuming for the present a reduction of the Imperial deficit to 6 crores, and we have provisionally indicated this figure to Lord Meston's Committee on Financial Relations as the basis of their inquiry into the apportionment of contributions. We have further indicated that we propose to assume the liability for extinguishing these contributions within a measurable time. The result will be that, adopting the figures of the provincial budgets for next year, as at present known to us, the Local Governments will be 11 crores a year better off than under the present division of revenues between the Government of India and themselves.

Let me now add a few words as to our general position, in the present and immediate future. It would indeed have been a grateful task had I been able, in presenting to the Council the revised estimates of the present year, to exhibit a result more in keeping with the anticipations expressed by Lord Meston on the 1st March last year. But if the Afghan war has involved us in a heavy deficit, the picture is not entirely devoid of brighter features. Our revenue has more than fulfilled the expectations formed last March; our silver reserves stand reasonably high; and we have managed to finance ourselves up to the present without utilising the power taken last September to increase the fiduciary note issue. For the coming year we take, and experience shows that we are justified in taking, an optimistic view of the growth of our major revenue heads. Our estimate of expenditure is of course dominated by the high figure which we have been obliged to insert on the Military account, but we hope to finance the increased demands on our resources, both civil and military, without any additional burden to the country other than that involved in the rearrangement of the super-tax to which I have already alluded. On the capital side we contemplate a liberal railway programme; and we look forward to meeting the repayment of the 19 crores of War Bonds which fall due in August next. Let me again emphasise the fact that this programme can only be realised if India gives a liberal response to our rupee loan in the coming year.

As for the future, the revenues of India are steadily and surely expanding; and their expansion affords a guarantee in my opinion of their adequacy to meet such problems of development as immediately confront the administration of the country. Our pre-occupations lie rather in the provision of ways and means to meet our capital liabilities. Our outstanding liabilities are not light; we are still carrying nearly 50 crores of Treasury Bills; and between 1921 and 1928 we have to meet 72 crores of short term

securities. Meanwhile our railways will not cease to demand fresh provision of capital money and we have heavy irrigation projects in view. The solution of the problems of the future depends therefore on the growing accumulation of capital wealth in India, and the interest which the Indian money market evinces in our loan issues. We had evidence during the war of what India could invest under the inspiration of patriotic motives; the response to our last year's issue afforded a proof that business India accepted our loan as a sound and profitable security. With such proofs before us, and in the belief that the social and material development of the country will carry with it an increased sense of responsibility for the economic use of its expanding resources, we need not hesitate to look on the future with a full measure of confidence and trust.

Narrative of the Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1920-21.

Introductory.

The procedure for dealing in Council with the Financial Statement will be the same as in the past two years. A general debate upon it will take place on the 8th instant; the detailed discussion will follow, ending on the 13th and I hope that the Budget will be presented in its final form on the 22nd. In this narrative describing the financial events of the current year, and our proposals for the next year, I cannot do better than follow the general sequence and arrangement adopted by my distinguished predecessor. A full explanation of the details of revenue and expenditure under the various heads will be found in the Secretary's Memorandum which will as usual be laid before Hon'ble Members.

SECTION I.—THE YEAR 1919-20.

A.—General characteristics.

General character of the year 1919-20.

2. In dealing with the financial year 1918-19 Lord Meston pointed out that the year fell into two sharply divided periods, and described the change which came over business and financial conditions generally on the sudden collapse of the German resistance in November 1918. The financial year with which we have now to deal has witnessed the conclusion of the major peace negotiations, the ratification of the peace treaties with Germany and Austria, and the inauguration of that great conception, the League of Nations, on the success or failure of which so much of the future of civilisation depends. But, while the other partner nations of our Empire have been able to demobilise their armies, and to make some beginning on the uphill task of repairing the industrial and economic havoc caused by four years of war, here in India, though happily spared from many of the consequences which the war has brought to the nations of Europe, we have nevertheless had to face troubles peculiarly our own. The peace, which for a generation has existed on our borders, has been broken; and the armies of India returned home from France, Mesopotamia and Palestine only to find laid upon them the further task of defending the soil of India from a threatened invasion from Afghanistan. That peril averted, they have had to face a prolonged campaign, and in the most arduous conditions, in reducing the Mahsud and Wazir tribes. Nor need I add that the effect of these operations is written large over the financial history of the year, and has roughly disturbed the anticipations which Lord Meston felt justified in making.

The 1919 monsoon.

3. But for this, my task to-day would have been limited to recording the history of a year, not indeed uneventful, but of fair harvests, of growing revenues, and, save for the continuance of high prices, of general prosperity. It fell to Lord Meston to record the failure of the 1918 monsoon, with the resulting scarcity which, although happily less intense than had been known on many previous occasions of drought, nevertheless affected an unusually wide area. This year we are fortunately able to look back on a monsoon such as India has not enjoyed for many years past. It was, it is true, late in declaring itself. The Arabian Sea current appeared in the Peninsula at about the normal date, while the Bay current arrived in Northern India about a week before the usual time. But up to the middle of July, both currents were fitful and were deflected to an unusual extent

to the Central Provinces and the adjoining districts to the east; north-western India accordingly suffered, and in that part of the country, as those who followed the movements of our troops on the frontier know only too well, intense hot weather conditions prevailed. By the end of the second week in July, however, the monsoon began to penetrate into Northern India and before the end of the month had spread over practically the whole area. Throughout August, it was well above its average strength, and although it weakened considerably in September, it returned at the end of the month with a force which caused great destruction of life and property in Eastern Bengal. It was somewhat fitful in October, but gave good rain in November and December. Altogether the total monsoon rainfall of the year was 9 per cent. in excess of the normal.

Agricultural conditions.

4. The failure of the 1918 monsoon, and the widespread epidemic of the autumn, had their effect on the spring harvest of 1919, and scarcity conditions continued till late in the summer. In 1918 famine had been recognized as prevailing in certain parts of the country; the early months of 1919 saw famine declared in four districts in the Bombay Presidency, three districts in Bihar and Orissa, three districts in the Central Provinces, one district in each of the Bengal and Madras Presidencies, three districts in Hyderabad, and in certain parts of Central India and Rajputana. The number of persons on relief of all kinds rose to a maximum in June of 589,535. This figure is less than one-tenth of the maximum number on relief in 1900, although the failure of the monsoon of 1918 was certainly no less widespread than that of 1899. Scarcity of fodder continued during the greater part of the year in the United Provinces, the Punjab, Bombay, Rajputana and Bengal, and the special concession rates for its carriage by rail remained in force in the affected tracts during this period. Apart from large grants for distribution in affected areas in the shape of agricultural loans and advances, a sum of ₹1,00,000 was given to the Punjab Branch of the Imperial Indian Relief Fund to assist the opening of cheap grain shops in that Province, and grants in relief of local distress aggregating ₹7,30,500 were made to various provinces by the Indian People's Famine Trust. As the monsoon declared itself conditions improved rapidly towards the end of the year, and at its conclusion all relief operations had practically ceased. Fortunately, the gradual cessation of famine conditions was not accompanied by any general recrudescence of the epidemic of influenza which ravaged India in the autumn of 1918. In certain cities sporadic outbreaks occurred, but they were confined to specific localities, and the epidemic had none of that devastating effect on the rural economy of the country which marked its course in 1918.

High prices.

5. I wish it were possible for me to record that the monsoon of 1919 had resulted in a marked reduction in the high prices which have brought so much distress upon the labouring classes and those with fixed incomes. The autumn harvest was good, yet the price of millets, which form the staple food of the people in many parts of India, remained abnormally high; while in spite of the prospect of a good wheat crop, and of the fact that exports are rigorously restricted, the price of wheat is still in the neighbourhood of 6 seers to the rupee. The Council is already aware of the remedial measures which we have taken in this respect, and which from time to time have been described by my Hon'ble Colleagues in the Revenue and Commerce Departments. I will only offer three brief reflections upon this subject, at once the most difficult and the most anxious of the problems which we have now to face. The first consideration is an obvious one—the effect upon the public expenditure. The burden of high prices has been felt in a special degree by the large number of low-paid Government servants, and both the Central and Provincial Governments, in common with other employers of labour, have been obliged to give large increases of pay, either in the form of allowances or of a general revision of emoluments. The process of revising the pay of our establishments still continues and will be responsible for a heavy increase of expenditure in the coming year. Secondly, it must be remembered, as was pointed out by the Hon'ble Mr. Mant in the interesting debate on prices which we had at the September session, that after a serious failure of the monsoon it generally takes several years of good harvests before prices approach their former level. Thirdly, and most important of all, there are factors in existence, external to this country, which have operated and are still

operating to keep prices high, and it is questionable whether, even if there had been no failure of the monsoon in 1918, the prices of many commodities would not have risen almost to their present height. I refer to the enormous increase in world prices, which is the most striking economic effect of the great war, and has been caused, partly by the inflation of credit and consequent depreciation of money in the belligerent countries, and partly by the decrease in productive output resulting from the war. I need not weary the Council with what, after all, are only economic truisms. It is sufficient to say that, unless India were shut off from all commercial intercourse with foreign countries, prices here must have been affected by the enormous enhancement experienced in the rest of the world. Sooner or later, it was inevitable that the general decrease in the purchasing power of money elsewhere should react upon the purchasing power of the rupee. I shall return to this subject later when discussing the recently published recommendations of the Indian Exchange and Currency Committee, whose report bears witness to the high importance which they attached to the necessity for mitigating for the people of India the economic evils which have fallen upon most of the nations of Europe.

Trade and Commerce.

6. General trade conditions have been somewhat unsettled. The upward tendency of exchange during the whole of the year induced caution among merchants engaged in foreign trade, while the shortage of tonnage during the first half was, generally speaking, adverse to business. The net result, however, has been a well-marked increase in the value of imports and exports of private merchandise, although it is of course necessary to remember that a steady rise in prices of commodities imported and exported frequently obscures an actual falling off in the volume of trade. The total value of imports during the first nine months of the year showed an increase of over ₹16 crores, or 13 per cent., as compared with the corresponding period of 1918, and the total exports, including re-exports, increased by ₹53 crores, or 28 per cent. The balance of trade, so far as is shown by the statistics of merchandise, treasure, Council Bills and similar remittances was ₹64,20 lakhs in favour of India as against ₹35,03 lakhs in 1918, while in the same period of 1917, the balance was against India to the extent of ₹5,00 lakhs. In imports, the principal increases in the first nine months of the financial year were in sugar, iron and steel, mineral oils, machinery and millworks, railway plant and rolling stock, all of which show a rise of over ₹2 crores in value. A heavy decrease occurred in the import from April to December of cotton manufactures, amounting to nearly ₹11 crores. This may be partly explained by difficulties in the export of goods from Lancashire and partly by reduction in demand arising from the height of prices. Conditions have however altered in the last few months, which have witnessed a very marked revival. In the export trade, there has been an increase in the shipment of all staple articles, with the exception of rice and wheat which have been rigidly controlled in view of the shortage of foodstuffs in India. The increase of exports has been particularly marked in the case of raw and manufactured cotton, hides and skins, both raw and tanned, raw jute, oilseeds and tea. The tonnage available for India's trade increased gradually throughout the year. The first indication that the available tonnage was sufficient to cope with the cargoes that offered occurred about October last. During the nine months April to December 1919, the net tonnage of vessels entering ports in British India with cargoes from foreign countries and British possessions amounted to 3,632,440 tons, as against 2,730,937 tons during the corresponding period in 1918, and the tonnage cleared during the same period amounted to 4,373,975 tons, as against 3,734,651. Freight rates, which had dropped as a result of the Armistice, steadied at the opening of the year and rose gradually until December, since when they have been somewhat easier.

Restrictions on trade.

7. During the year it has been found possible to free trade of a number of the restrictions imposed during the war; and in July and August last all special restrictions on trade with ex-enemy countries were removed. All restrictions on the export of hides and skins, raw jute, oils and oilseeds and a number of other articles have also been removed. On the other hand, it has been found necessary, owing to the general shortage of foodstuffs, to prohibit the export of a number of food-grains from India.

Company promotion.

8. An outstanding feature of the year has been the continuance and expansion of company-promotions. During the eight months April to November 1919, 535

new companies, with an aggregate authorised capital of nearly ₹166½ crores, were registered in British India and Mysore. The number of companies floated during the corresponding period of the previous year amounted only to 158, with an authorised capital of about ₹6¾ crores. Widely different views have been expressed regarding this remarkable increase in company flotations. Many people regard it as evidence of our financial strength and of hopeful augury for a great industrial expansion. Others of more cautious temperament are inclined to shake their heads at what they would describe as the prevalent investment mania and predict a severe reaction, accompanied by financial crises, crashes in the share markets and widespread loss. There is, I think, room for both optimism and caution. The war has indicated numerous directions in which India can profitably extend her industrial activity. Our industries generally have made large profits during the last four years and so long as war conditions continued, there was little outlet for their investment; while the difficulty of obtaining new machinery or expert labour made it practically impossible either to start new or to extend enterprises. It is only natural therefore that the conclusion of the war should have been followed by an extension of capital issues, and most people will agree that the readiness with which these have been subscribed affords encouraging evidence of India's ability to finance an era of industrial expansion. There is of course another side to the picture, although I would deprecate this side being given undue prominence. As in the case of all such booms, there is always the danger that, along with a large number of thoroughly sound and well managed concerns, others are brought into existence which are of doubtful soundness. That is inevitable; and sooner or later there will no doubt be what Americans call a "shake-out"; it would require a greater power of prophecy than I can pretend to command to estimate its direction or extent; but there is at present no evidence to show that it is likely to be such as to embarrass the banks or to shake credit generally. Another disturbing sign is the tendency to inflate the shares of perfectly sound and well managed companies to an extent which is not justified by their dividend-earning capacity. In part of course, this is justifiable by the increase in the actual capital value of the plant, which could not now be replaced at pre-war prices; for the rest, it is a speculative movement the adjustment of which need not necessarily involve any widespread crisis. It is not a sound or productive process; but its net result is a transfer of money rather than a destruction of capital.

B.—Currency and Exchange.

Absorption of rupees

9. I now turn to those particular problems with which it is my special function to deal. We fortunately have not to record a currency crisis such as that graphically described by Lord Meston last year. In 1918-19 the total absorption of silver coin by the public amounted to no less than ₹45 crores; in the current year the absorption up to the middle of February has been about ₹22 crores. September last was the first month for two years during which, taking the whole of India together, there was not an actual outgoing of rupees. The Madras and Rangoon currency circles alone have shown an aggregate net return up to date, but there has been a marked curtailment in the absorption in the Lahore and Bombay circles. I hesitate to draw the conclusion that this result indicates an approach to saturation, though we may regard with satisfaction this substantial slackening in India's demand for silver, coupled as it has been with a very decided diminution in the discount at which currency notes have circulated in the districts. As a result of the lower absorption, our stocks of rupees steadily increased, until at the end of October they reached their maximum of ₹35½ crores, the highest since 1915. Here, again, it would be premature to argue that this decreased absorption indicates that we have turned the corner and that our currency troubles are over. The increase in our stocks of rupees has been due to the fact that the output of the mints was at last able to overtake the issues. This has been effected, however, at the expense of using up a great deal of our stock of bullion. As the Council knows, in 1918 we were only saved from inconvertibility by the passing of the Pittman Act, which enabled us to procure 200 million ounces of silver from the United States. The last consignment of that silver arrived in India last summer, and until we can see before us the prospect of a regular replenishment of our stocks of silver whenever necessary, the

position will not be safe. It is out of the question therefore to contemplate at present any return to the free and unrestricted issue of rupees at district treasuries throughout the country. That is a conclusion which no one will regret more than Government. Sir William Meyer had done much to extend the facilities for the encashment of our notes; the maintenance and increase of those facilities is a cardinal principle of our currency policy: and nothing but the practical impossibility of obtaining ready supplies of silver in the present condition of the world's markets would justify our maintaining the existing restrictions.

Rise in exchange during 1919.

10. While, however, there has been nothing sensational to record regarding the currency events of the year, exchange presents a different story. The history of Indian exchange and the establishment of the gold exchange standard, subsequent to the closing of the mints, has always had a fascination for economic writers and students. It seems likely that, when future text-books are written or present ones are brought up to date, the year 1919 will, like 1893, stand out as marking the close of one well-defined period and the commencement of another At this time last year the rate for Council drafts stood at 1*s.* 6*d.* per rupee for immediate telegraphic transfers. The era of a stable exchange had, temporarily at least, passed away, but the rise of exchange in its earlier stages gave little indication of the rapidity with which exchange was to soar away from its old standards during the year. Lord Meston explained last year how the rise in exchange followed the breaking away of silver from its pre-war level. That process has continued, and the further changes which have been made in the rates for Council drafts have as before been dictated by the threat of a heavy loss on coinage and the danger to our silver currency caused by the premium on the export of rupees.

Depreciation of sterling.

11. The closing fortnight of the last financial year introduced a new factor into the problem, which few people, and certainly not we in India, had had reason to foresee, and which has rapidly grown to dominate every other feature. On March the 21st, 1919, official support of the American exchange with England, originally introduced as a war measure, was withdrawn, and the dollar exchange, weighted down by the indebtedness of Europe and the balance of trade against her, commenced to fall. England had ceased to be a free gold market and the pound sterling no longer fetched in exchange the 4 dollars and 86 cents which represent the equivalent of the gold sovereign. From 486 the dollar sterling exchange dropped to a level of about 450 at the end of June, and then steadily declined in succeeding months until now it stands in the neighbourhood of 340. The American price of silver ceased therefore to be the one dominating factor in determining the rupee sterling exchange. The rate at which India could acquire silver for coinage no longer depended solely on the price of silver in dollars, but was adversely affected by the smaller number of dollars that could be obtained for the pound sterling. Moreover, the rising price of silver itself received a new impetus early in the current year, through the removal in May of control in America. The price of silver, which then stood in the neighbourhood of 101 cents per fine ounce, at once rose by some 10 cents and, stimulated by the firm and long drawn demand of China, continued to rise until it passed the melting point of the dollar and stands now at about 130. The lower exchange value in America of the pound sterling, and the rapid rise in the price of silver in American currency, necessarily entailed the raising of the exchange value of the rupee, if we were not to see our silver coins smuggled out of the country and our currency notes made inconvertible. In May the rate for Council drafts, which had remained stationary at 1*s.* 6*d.* for over a year, advanced to 1*s.* 8*d.* and this was followed by further rises of 2*d.* each in August, September, November and December till the rate stood at 2*s.* 4*d.*

Rise in price of silver.

Effect on Exchange markets.

12. These briefly are the causes leading to the changes made in the rates for Council drafts up to the time of the issue of the Currency Committee's report. I will turn for a moment to the effects these changes have had upon trade. The rate for Council drafts necessarily has a considerable determining influence on the rates at which export and import transactions are financed. The purchase of Councils enables the Exchange Banks to transfer back to India the funds which otherwise would accumulate in England owing to the heavy excess in normal years of exports over imports. An alternative method of so transferring funds is afforded by the import of gold and silver. During the greater part of the current year the embargo

on the import of silver has remained in force. The import of gold has, however, been permitted, subject to acquisition by Government at rates notified from time to time, which were ultimately based on the rates adopted for Council drafts; and since June last, when the embargo on the export of gold from America was removed, the banks have to some extent availed themselves of this method of putting themselves in funds in India. But, whether funds are transferred by the purchase of Council drafts or by the import of gold, the rate at which money can be laid down in India, and consequently the rate at which export bills can be bought and outward remittances sold, has been largely governed by the rate for Council drafts. The variations in these rates, and speculation as to further probable variations, have accordingly introduced an element of instability into exchange which has at times hampered the freedom of business operations. Banks were naturally shy both of remitting to London, by the purchase of export bills in excess of their sales of sterling, funds which they might have to re-transfer to India at a higher rate of exchange, and also, on the other hand, of drawing on their balances in London, by their sales of sterling in excess of their purchases, to an extent which might necessitate their remitting funds home at a loss, should exchange fall. Throughout the year therefore their policy has been largely that of the "even keel"; when indications seemed to point to a rise in the Council rate, they were bad buyers of export bills, and when the opposite condition held, bad sellers of sterling.

13. To counteract as far as possible inconvenience to trade on this account, Council and sterling drafts have been offered for sale as freely as our resources in India or at home, as the case may be, have permitted. In April last the sale of Council drafts, which had for some months been suspended, was re-introduced to meet the demand arising from the fact that the export bills calling for finance were more than could be covered by the demand for outward remittance. During the first nine months of the year the demand for Councils persisted with varying degrees of urgency. In general, throughout the year a rise in exchange tempted out remittances and checked bills, thus reducing the demand for Councils, until the gradual decline of the dollar sterling exchange and the rise in the price of silver (suggesting that a further raising of the rate for Councils was due) had the reverse effect, and made the demand for Councils more insistent. This see-saw motion continued until January when a complete reversal of the position occurred. The Currency Committee had just completed their sittings and their conclusions were awaited. The export trade at the time was not urgently calling for finance, and the uncertainty as to the future led a number of remitters to take advantage of the 2*s*. 4*d*. rate then prevailing. A demand for sterling drafts arose and during January Reverse Councils to the extent of £5·4 million were sold.

The Currency Committee's Report.

14. The above recital of the great changes which the year 1919 has witnessed in the exchange value of the rupee brings me to a consideration of the new orientation which has recently been given to our policy, with the acceptance by the Secretary of State of the recommendations of the Indian Currency Committee. The Committee's report, and the announcement of policy made by the Secretary of State thereon, have been in the hands of the public for the past month. I shall not attempt here any repetition or paraphrase of that portion of the Report which describes with admirable lucidity the issues involved in the problem before the Committee or the considerations which led them to formulate their recommendations. The Government of India have accepted without qualification the Committee's conclusions, which are substantially on the lines which we ourselves recommended in October last, after considering the events of the preceding few months. It is possible that the Secretary of State's decisions on certain of the Committee's recommendations may be the subject of discussion or legislation in this Council. For the present, I will merely indicate the two outstanding features of the Committee's recommendations and suggest to the Council a few brief reflections thereon. These are, firstly, the linking of the rupee to gold, and, secondly, the adoption of a ratio therefor equivalent to one-tenth of the gold contents of the sovereign.

Fixation of rupee in relation to gold.

15. On the first point, I think it may fairly be said that there is a strong body of opinion that the Committee's conclusion was inevitable. The Indian currency system has hitherto been based on the axiom that the unit of British currency, namely, the pound sterling, could at all times purchase the amount of gold contained in the sovereign. But the unfortunate divergence between

the pound sterling and the amount of gold contained in the sovereign, which became so marked during last summer and has subsequently still further increased, gave rise to a set of conditions which, in the opinion of most people, has rendered it imperative to give to the rupee some foundation less shifting than the sterling to which it had hitherto been linked. Otherwise, by inexorable natural laws, results of serious consequence to this country might ensue. Linked to sterling, the rupee would share with the latter all its fluctuations of fortune. Every rise of prices in sterling-using countries would inevitably, by the mechanical linking of the rupee to the pound, communicate to this country the same shrinkage in the purchasing power of money, and until sterling regained its parity with gold, India would be saddled with an unstable and fluctuating standard of value. We should continue to share with the United Kingdom all the evils of inflated prices. It would be impossible to give any definite gold value to the rupee, or to say what amount of silver a rupee could purchase in America; while restrictions on the movements of the precious metals would have to be continued indefinitely. There is no policy that is without its disadvantages, and it must of course be admitted that the result of linking the rupee to gold is that the rupee-sterling exchange must fluctuate in the same manner as does the dollar-sterling exchange; it cannot be denied that this introduces an uncertain element into that large portion of the trade of India which is with sterling-using countries. Nevertheless, we have to look to the interests of the country as a whole rather than to those of the smaller, though highly important, section which is engaged in foreign trade; and we think that there can be no doubt that the economic interests of India's huge population will be better served by giving the rupee an absolute stability in gold—the ultimate standard of value—than by assigning to it a stability relative to a standard which is itself markedly unstable.

Rate adopted.

16. As regards the actual rate to be adopted for the ratio between the rupee and gold, fears have been expressed in some quarters that the rate of ₹10 to the gold content of the sovereign is too high, and may inflict injury upon our export trade. I will not repeat here the reasons, given in the Committee's Report, which decided them not to yield to the influence of such fears. I will only emphasise two considerations, bearing on the choice between a high and a low rate, which seem to me to outweigh all others. The first is that, if the high prices now prevailing in most foreign countries are to be brought into relation with Indian prices on an exchange basis for the rupee at anything approaching the old level of 1*s.* 4*d.* then the consequences to the people of this country would be little short of disastrous; the present level of internal prices would be stereotyped, or, as is more probable, would advance to heights even now unthought of. The interests of the many millions of consumers in India, whose margin of subsistence is at the best none too large, must come before those of any other class. Secondly, a return to a low exchange would very seriously imperil all chance of maintaining the convertibility of the note issue. If the rupee were linked on to gold at a rate of 15 rupees to the gold content of a sovereign, it would be impossible to maintain our silver currency unless the price of silver in America remained below 92 cents; if the rate were 12 rupees to the sovereign, the corresponding silver parity would be 115 cents. At 10 rupees to the sovereign we can purchase silver and coin rupees therefrom up to an American price of 138 cents, which is well above the melting point of the currency of almost every other country. I need not point the obvious moral of this important fact. Only one alternative has been suggested for staving off inconvertibility—the debasement of the rupee or the issue of a debased two rupee piece. In all the press comments on the Committee's report I have seen nowhere any support of a proposition fraught with such obvious political and economic dangers.

Further depreciation of sterling and rush for remittance to London.

17. Unfortunately, at about the time that the Currency Committee's Report was published and the announcement made of the Secretary of State's acceptance of the main principles underlying the Committee's recommendations, the dollar-sterling exchange, which had already fallen heavily, took a further downward plunge. In these circumstances, the linking of the rupee to gold necessarily caused its exchange value as expressed in sterling to rise by several pence. The much greater amount of sterling that could be purchased by a given number of rupees naturally provided a great incentive to people, with accumulated funds in India, to remit these to England. The demand for reverse Councils became unprecedentedly great and the exchange markets could have absorbed considerably more than the £11 million of reverse

Councils which we sold during February. This fact resulted in a considerable divergence between the gold rate at which, following the Currency Committee's policy, we have been selling reverse Councils and the actual market rate. Speculators and profiteers have not been slow to take advantage of the situation. The effect of the heavy remittances made, accompanied by a sudden attempt to realise assets, was sensibly to tighten money. I ought to point out to the Council that such monetary stringency as has existed has not been due to any withdrawal by Government of funds from the market, since the proceeds of our sales of reverse Councils have up to date remained in the balances of the Presidency Banks. At the same time a word of caution is called for. The extent to which the Secretary of State's ordinary cash balances can be drawn on to meet reverse Council payments necessarily has a limit, and for the time being that limit has been reached. Further sales will be effected through the medium of the Paper Currency Reserve, but this process would, in the absence of special measures, ordinarily involve some locking up of funds withdrawn from the market. Inflation of currency and credit, as most belligerent countries are now finding to their cost, brings serious consequences in its train, but the evils of an unduly rapid deflation may quite easily be no less serious. The present situation is one that requires caution in handling, and we have been in continuous communication with the Secretary of State in the matter. The general lines of the legislative measures which with the sanction of this Council we propose to take, have been explained in a public announcement made on February the 23rd. The object of these measures is to provide for the continued sale of reverse Councils with the mininum embarrassment to the market through the withdrawal of funds, and I do not think I need say any more on the subject on the present occasion, except to give a warning that a prolonged continuance of the present conditions would inevitably react upon our whole ways and means programme for next year, which, as the Council will gather when I come to speak of our financial operations in the current year, is now, by reason of its very magnitude, far more dependent than formerly upon Indian money conditions.

C.—Gain by Exchange.

Retention of accounts on 1*s.* 4*d.* basis.

18. The foregoing account of the course of exchange, and of the measures which have now been taken to adjust our policy to the changed conditions of the time, brings me to a matter which is of considerable importance in dealing with our revised estimates and our budget anticipations, and to which I must devote some explanation, if my subsequent remarks regarding the estimates are to be intelligible. Lord Meston mentioned last year the large credit from gain by exchange which arose from the fact that our accounts were still prepared on the basis of 1*s.* 4*d.* to the rupee. That was at a time when the actual exchange rate was no more than 1*s.* 6*d.* Our accounts have throughout the year continued to be kept on a 1*s.* 4*d.* basis and the Secretary of State has decided that, for the purpose of this Financial Statement, the conversion of rupees into sterling and *vice versâ* should be effected at the old level. This results in a number of complications, particularly as regards our capital and remittance transactions, to which I shall refer in due course. There is, however, this advantage in still retaining the 1*s.* 4*d.* basis for the purpose of our revised estimates, namely, that it is possible to compare the actual results with the anticipations made last year. In order that the Council may judge of the aspect of our budget on the 2*s.* basis, which the Secretary of State has decided to adopt for all our accounts and statistics with effect from the 1st April next, I have had a separate statement prepared (Appendix I) showing the budget estimates of revenue and expenditure for the next year as recast on the new basis.

Treatment of gains exchange.

19. The matter with which I am more immediately concerned is the method by which we propose in the revised and budget estimates to treat our gain by exchange. We estimate that during the current year the gross gain, without taking account of certain deductions which I will explain presently, will amount to no less than ₹22⅓ crores, as compared with ₹13⅓ crores realised in 1918-19. Two months ago indeed it looked as if the figure would be very much higher, but the large sales of reverse Councils which have been and are being made have considerably reduced the total anticipated for the year.

From the gross gain of ₹22⅓ crores have to be deducted certain losses which arise from the same causes that have contributed to the higher exchange value of the rupee, *viz.*, a loss of 4⅓ crores on rupee coinage and another of 6¼ crores on gold purchases, acquisition and sales, the latter arising from the premium over sterling parity at which the Secretary of State's purchases of gold have been made. After making these deductions, the exchange gain in the current year will stand at 11¾ crores.

20. The first question that arises about these gains is how they actually accrue, what they actually consist of, and how far they represent a real windfall which we can devote to such objects as we think desirable. Putting the matter very broadly, the gain arises over our remittance transactions, and its unprecedented amount at the present time is due to the fact that we are still keeping our accounts on a basis which is now out of accordance with actual facts. This will be clear from a simple example. Every time that the Secretary of State draws on us, through his sales of Council Bills, to the extent of a million pounds, our accounts shew that we have paid out in India ₹150 lakhs, although, in point of fact, with the rupee-sterling exchange at, say, 2*s.* 8*d.*, we have actually paid out only ₹75 lakhs; the remaining ₹75 lakhs accordingly appears in our accounts as gain by exchange. *Per contra*, when we are selling reverse Councils, our accounts will show a credit of ₹150 lakhs for every million sterling we have sold, whereas the actual payments made to us by the purchasers of the reverse drafts only amount to ₹75 lakhs, the difference being debited as loss on exchange. In a similar way a gain or loss, as the case may be, accrues on every other transaction which effects a transfer of funds from or to India, such as the expenditure which we incur in India on behalf of His Majesty's Government and is repaid to us in London, on which there is a gain, or the issue of sterling money orders on London, on which our accounts will show a loss.

Gains from exchange on capital outlay.

21. It will be obvious therefore to Hon'ble Members that in these "gains" there is a great element of artificiality, and that it would not be correct to assume that whenever our accounts show a gain on exchange, this represents a real accretion to our resources, for the so-called gain we obtain every time we transfer a million pounds to the Home Treasury is liable to be turned into a loss if the amount has to be retransferred to India. In illustration of this statement, I need only point to our experience in the last two months. Up to the end of December, the Secretary of State sold £29 million of Council Bills on India, on which we realised a gain of 11½ crores; during January and February, we expect to have sold £16½ million of reverse Councils on which we will incur a loss of 12 crores. There are, however, certain of our operations, the exchange gain in respect of which we are entitled to regard as real and permanent. Most of our capital outlay on railways consists of the purchase of machinery and stores in Europe or America. For every million pounds expended on such purchases the actual cost to the Indian taxpayer is now very considerably less than previously, and it would clearly not be right to charge the capital accounts of our railways with amounts which are fictitiously inflated, and have not actually been spent thereon. We have decided therefore, in view of the large sums involved, that our capital accounts should properly get the benefit of the higher rate of exchange prevailing. Accordingly, out of our total gains by exchange of ₹11¾ crores, in the current year ₹7¼ crores will be credited to the railway, irrigation and Delhi capital accounts.

Deficiency in Paper Currency Reserve.

22. There remains, then, ₹4½ crores to be dealt with, and when considering how this should be treated we are met by another fact of capital importance. The definite abandonment for accounts purposes of the 1*s.* 4*d.* rate, and the adoption therefor of a rate of 2*s.* to the rupee, will result in our accounts showing, what after all is merely an accomplished fact, a serious capital loss on our sterling holdings, more particularly on those which form the sterling portion of the Paper Currency Reserve. We hold in our Paper Currency Reserve British securities, mostly consisting of British Treasury Bills, to the value of about £55 million. Up to the present, in the shifting exchange conditions and general uncertainty of the past year, and pending the completion of the Currency Committee's enquiry, our paper currency accounts have remained on a 1*s.* 4*d.* basis and have continued to show these sterling securities as representing 82½ crores of rupees, whereas, when valued on a 2*s.* basis, they are

only worth ₹55 crores and the loss thereon will therefore be 27½ crores. We expect however that if the demand for reverse Councils continues, £13 million of securities will have been withdrawn by the Secretary of State before the close of this year for meeting reverse drafts, leaving still a holding of £42 million of sterling securities in the Reserve, the loss on revaluation of which will amount to 21 crores. There will also be in due course a substantial loss in respect of the gold held in the Reserve, seeing that this is at present held at the rate of ₹15 to the sovereign and will in future be held at the rate of ₹10. Altogether, the deficiency in our Paper Currency Reserve, assuming a revaluation on a 2*s.* basis, may ultimately amount to nearly ₹40 crores.

Importance of making up this deficiency.

23. I wish to emphasize very strongly that the making up of this deficiency is not a matter which can be postponed indefinitely, or can be regarded as of theoretical rather than of practical importance. Quite apart from any question as to our legal responsibilities under the Paper Currency Act, the circulation of our currency notes rests ultimately upon public confidence, and we cannot contemplate with equanimity a position in which the amount of the securities held in the Reserve is patently insufficient to cover the circulation. Nor is this by any means entirely a matter of sentiment. These sterling securities consist, as I have said, mainly of British Treasury Bills, which are continually maturing and being renewed. It is on these that the Secretary of State, when he is once more able to resume purchases of silver, or has to meet from the Currency Reserve his purchases of gold or his payments of reverse Councils, will have to depend, and it is clear therefore that any serious deficiency in the amount of securities forming part of the Currency Reserve must be a matter of great concern when looked at from the point of view of the available backing to our currency notes. Ultimately the home portion of our Paper Currency Reserve must be brought back to India in the form of gold or silver, or utilised, through the medium of reverse Councils, to retire notes in India. Whenever that is done, the capital loss at once becomes apparent, since the sterling part of the Reserve turns into fewer rupees than the amount at which it is held in the accounts.

24. The importance of adopting speedy measures to supply this deficiency is obvious; it is equally obvious that this object should have the first call upon the gain by exchange, seeing that they are both due to one and the same cause. After consultation with the Secretary of State, we have decided to appropriate the residue of the current year's exchange gain, amounting to ₹4½ crores, for meeting this deficiency, and we are accordingly opening a suspense head in our accounts to which this amount will be credited. For next year, as I shall mention later, we may reasonably expect a higher exchange gain, seeing that the rupee sterling exchange will probably stand at a much higher average than in the current year; we estimate the residue of the gain, after credit to the capital account, at 18 crores, of which we allocate 6 crores to revenue and 12 crores to suspense for application in due course to meeting the deficiency referred to above. I need not remind the Council that as soon as this deficiency in our Currency Reserve has been made up, our revenues will obtain the full benefit of the very substantial savings in our annual home charges resulting from the higher level of exchange. Such savings may not improbably amount to ₹11 or 12 crores a year, and it is solely because of this prospective accrual to our revenues that, as I shall mention later, we have felt justified, not only in making a very large reduction in the amount of the contribution to be taken from the provinces under the Reforms Scheme, but in contemplating its entire extinction within a measurable time.

D.—Revised Estimates of Revenue and Expenditure, 1919-20.

25. I have now cleared the way for the consideration of our actual incomings and outgoings. The Council will realise of course, from what I have said, that when I speak of a revenue or expenditure of so many millions, rupees have been converted into sterling at the old ratio of ₹15=£1, though whenever I can do so without inaccuracy, that is, whenever the figures relate to revenue or expenditure raised or incurred wholly in India, I shall speak only of rupees. I might further explain that I do not propose to discuss the details of the revenue and expenditure of the provinces which, as Lord Meston pointed out, are now-a-days more properly the subject of discussion and criticism in the provincial

Councils, and I shall accordingly confine my remarks to the revenue and expenditure of the Central Government.

26. I will first deal with the ordinary heads of revenue and expenditure. In framing his estimate of revenue for the current year Lord Meston was faced with a very obscure situation, since it was impossible to forecast the rate at which our main heads of revenue would recover from the traffic and other restrictions consequent on the war. He took, however, an optimistic view. Many must have felt that he had been somewhat sanguine in anticipating a Customs revenue of ₹20 crores in 1919-20 against a revised estimate of ₹18½ crores in 1918-19, and a gross traffic receipt from Railways of ₹80 crores, which was no less than ₹3½ crores in excess of that anticipated in the revised estimates for the previous year. But events have justified his optimism. At one time it looked as though the revenue from both Customs and Railways would fall materially short of anticipations; railway receipts in particular showed a distinct set-back, mainly on the North-Western Railway as a result of the Punjab disturbances. During the last few months, however, there has been a remarkable recovery, so much so that we now expect that the gross traffic receipts will fall short of the estimate of ₹80 crores by only ₹75 lakhs; and this small decrease in estimated receipts is more than counterbalanced by a reduction in working expenses, due to the fact that the home stores issued for expenditure on revenue account have been less than anticipated owing to slow arrivals and have also cost less in consequence of the rise in exchange. The result on the balance is that the net railway receipts will be about ₹45 lakhs over the estimate. We expect a much larger increase under Customs; the estimate of ₹20 crores will be actually exceeded by ₹2⅓ crores. There is likely to be an increase in respect of all the more important tariff heads, particularly the import duties on piece-goods and petroleum, and the export duty on jute, the only head which shows any material falling off from the figure taken in the Budget being sugar. The new export duty on hides is anticipated to bring in just under ₹1 crore.

Railways.

Customs.

In regard to direct taxation, we now expect that the ordinary income tax will bring us in ₹1,59 lakhs more than the budget figure, and the Excess Profits Duty just over the budget estimate of ₹9 crores, of which however ₹62 lakhs will actually be collected in 1920-21.

Income Tax.

The heads which at present we share with the provinces show smaller variation; we estimate that Stamps will bring Imperial revenues ₹85 lakhs and Excise about ₹42 lakhs more than we expected.

Stamps and Excise.

The budget estimate anticipated a receipt of ₹1⅓ crores under exchange, but as I have already stated, it is now proposed to credit under a suspense head the net gain in the current year estimated at ₹4⅓ crores.

Exchange.

27. The net result will be that our Imperial revenue will be ₹1,35⅓ crores against an estimated total of ₹1,29⅓ crores. Our ordinary heads of expenditure (excluding for the moment the Military Services) will show a nearly corresponding excess, the largest increases occurring under interest charges on debt and refunds and drawbacks. On the other hand, Famine Relief, for which a provision of ₹1,62 lakhs was made, has fortunately cost us 64 lakhs less. Taking the whole ordinary expenditure (excluding Military) the total will amount to ₹69 crores against an anticipated total of ₹64⅓ crores: and the position as between revenue and expenditure is a great tribute to the accuracy of the estimates prepared last year by Lord Meston and Mr. Howard. It is when we come to take count of the figures of Military expenditure that the result assumes an aspect entirely contrary to their anticipations. They expected a surplus of about £600,000; I have to announce a deficit of £14⅓ million. I shall subsequently devote a special section of this narrative to the revised and budget estimates for Military expenditure, and I need only mention here the broad results as regards the current year. The budget provided for a total expenditure of £41¼ million, made up of £32⅓ million for ordinary expenditure and £8¾ million representing the current year's instalment of the additional war contribution. In respect of this last item we will actually pay only £1⅓ million, so that there is a saving on this account of £7¼ million. On the other hand, the Afghan war and the frontier operations are estimated to have cost us £14¾ million, while the ordinary military expenditure shows an excess of £8¼ million, the net result being an excess of no less than £15·8 million.

Military expenditure.

Provincial Revenues.

28. All that I need say as regards the provincial estimates is that the provinces, taking them all together, had budgeted for a deficit of nearly R3 crores. In the result, the total provincial revenues are likely to coincide almost exactly with the provincial expenditure. The provinces have had to incur very large additional charges in the shape of allowances or increases of pay to their establishments to meet the present high scale of prices, but this has been more than counterbalanced by the continued growth in their revenues.

E.—Ways and Means, 1919-20.

Removal of previous difficulty due to *locale* of resources.

29. The Financial Statements of the last few years brought out clearly the problems which we had then to face in order to find money for our disbursements in India, and both Sir William Meyer and Lord Meston explained the great difficulties caused, not so much by the shortness of our total cash resources, as by the fact that much of these were locked up in London. We had accordingly the result that, although at certain times the Secretary of State held very high resources at home, we in India were hard put to it to find the funds necessary to meet not only our own outgoings and the Secretary of State's Council drawings, but also the very heavy disbursements which we had to make during the war on behalf of His Majesty's Government, and for which we received payment in London. As Hon'ble Members know, we were forced, in order to keep our Indian treasuries in funds, to make successive increases in the fiduciary portion of the Currency Reserve and from time to time to finance ourselves by taking large advances from the Presidency Banks and by raising large sums by the issue of Indian treasury bills. With the cessation of military operations in Europe and the gradual removal of war restrictions, it has now become possible for the Secretary of State to re-transfer his surplus balances to us by means of remittances of gold, and that particular aspect of our difficulties which arose from the lock up of our resources in England is I think now at an end. The difficulties of the future are likely to arise, as I shall show when dealing with our ways and means outlook for next year, not from the *locale* of our balances, but from their total amount.

Liabilities and assets in England and India combined.

30. I will first explain briefly the liabilities we have had to meet and the resources from which we have met them, taking our sterling and rupee resources combined; and for this purpose of course our various remittance transactions, which represent a transference of our cash balances from India to England or from England to India (such as Councils and reverse Councils) will cancel each other. The following statement shows our liabilities and assets in a condensed form :—

Liabilities.		(£ million.)	*Assets.*	(£ million.)
Capital outlay—			Reduction of cash balances	4·6
Railways	10·2		Rupee loan	14·2
Irrigation	·3		Net receipts from Treasury Bills	·2
Delhi	·3		Withdrawal from Special Reserve	6·9
		10·8	Silver paid for in last year brought to account in current year	11·2
Discharge of debt (including Railway debentures)		2·0	Net gain on exchange and gold operations held in suspense for meeting deficiency in Paper Currency Reserve	3·0
Imperial and Provincial loans		·9	Miscellaneous items	—·2
Payment of balance of war loan proceeds to Home Government in reduction of £100 million contribution		8·8		
Imperial deficit		14·4		
Refund to War Office of amount recovered in excess in previous year		3·0		
		39·9		39·9

I will discuss the more important of the above items very shortly when I come to speak of our financial operations in India; I need here, in connection with our combined position, only point out that our total cash balances, in India and

England together, were £26 million at the beginning of the year, and we expect to close the year with balances of £21½ million. The Council will observe that the special reserve of £20 million, which we had built up during the war when our balances were locked up in London, is expected by the end of this year to have been completely used up, £7 million having been used in the current year and £13 million in 1918-19.

31. As regards the operations at the home treasury in London, it is sufficient for me to say that, excluding the Gold Standard Reserve, the Secretary of State started the year with an ordinary cash balance of £8·7 million, together with £6·9 million in the special reserve. We expect that at the end of the year his ordinary balance will have been reduced to £7½ million and that the special reserve will, as I have said, have been entirely used up. The outgoings which he has had to meet have amounted to about £113⅓ million, inclusive of £32 million paid for gold purchased for shipment to India and £24¾ million for payment of reverse Councils sold in India. These he has met by drawing Councils to the extent of £31¼ million, by his large recoveries from the War Office of £61 million in respect of payments made by us in rupees on their behalf, by using £8 million from his cash balances and the special reserve, and by disposing of investments in British Treasury Bills made on behalf of the Paper Currency Reserve during the war period to the extent of £13 million. His operations are shown very briefly as follows :—

Liabilities.		*Assets.*	(In millions of £.)
Net expenditure chargeable to revenue	23·3	Reduction of cash balances	1·2
Capital outlay	12·9	Withdrawal from special reserve	6·9
Payments for silver	6·9	Transfer to Home treasury from investments on behalf of Paper Currency Reserve	13·1
„ gold	32·1	Recoveries from War Office	61·0
Payment of war loan proceeds to Home Government	8·8	Council Bills	31·2
Sterling transfers on London	24·7		113·4
Miscellaneous items	4·7		
	113·4		

32. For ourselves the main interest naturally lies in the position in India, *i.e.*, the various calls on our rupee resources and the various financial operations in which we have been engaged in order to keep ourselves in funds. The nature of these transactions will be apparent from the following summary which shows the actual rupee transactions in India after eliminating adjustments for exchange as far as possible :—

(In crores of rupees.)

Liabilities.		*Assets.*	
Recoverable war expenditure	67·3	Reduction of cash balances	5·0
Council Bills	34·5	Credits from silver purchased by the Secretary of State	22·7
Transfers to Currency against withdrawals by the Secretary of State of British Treasury bills held in Reserve	19·7	Credits from gold purchased by the Secretary of State	28·8
Net discharge of Cash Certificates	2·3	Sterling drafts on London	18·4
Capital outlay	3·1	Excess of revenue over expenditure	13·6
Discharge of debt	2·2	Proceeds of rupee-loan	21·3
Imperial and Provincial loans	1·3	Net receipts from treasury bills	·3
	130·4	Savings Bank, etc, deposits	3·6
		Miscellaneous deposit and remittance transactions	6·7
			130·4

It will be seen that the amount of funds which we have had to find during the year has been ₹130 crores, of which 67 crores represent expenditure on behalf of the Home Government incurred in India and repaid at home, 34⅓ crores were for payment of the Secretary of State's Council drawings and 19¾ crores for transfers to

the Currency Reserve in India against withdrawals of British treasury bills from the Reserve by the Secretary of State in order to enable him to meet our sales of reverse Councils. One way in which these liabilities have been financed has been by remittances of gold and silver, amounting to 61½ crores, which the Secretary of State has sent to India, while ₹18½ crores will have been received by us in payment for reverse Councils. To the extent of 80 crores, therefore, our needs in India have been met by drawings against our home balances. I now turn to the means adopted to provide the further 50 crores required.

F.—Government's Financial Operations.

33. The financial operations undertaken by us in India illustrate at once the strength which the Indian money markets have attained, and the difficulty of the problems which we have had, and shall have, to face. Foremost among these operations was the rupee loan. In our estimates framed last year, we provided for the raising of a loan in India of ₹15 crores. During July and August we opened for subscription a 5 per cent. income-tax free loan, without limit of amount and repayable in 1945-55. The receipts amounted to ₹21¼ crores, of which ₹61½ lakhs were received through the Post Office, while over ₹2 crores of the total amount was tendered in the form of War Bonds which we had agreed to accept in payment for the loan. We made no attempt on this occasion to repeat the special propaganda associated with the two war loans; we had in 1917 and 1918 dipped heavily into the pockets of the investing public; and in the present year we had, competing with us, a very large number of new Company issues. The result of our loan therefore, exceeding as it did the forecast which Lord Meston felt justified in framing this time last year, is of hopeful augury for the future.

Rupee loan.

Cash Certificates.

34. These figures do not include Cash Certificates. In the absence of any special loan propaganda this form of investment has not received a stimulus similar to that administered in 1918-19 by the Second Indian War Loan. Against the net payment of ₹69 lakhs last year, we estimate a net payment of about ₹225 lakhs in the current year. The monthly figure for new investments, which during the earlier months of the year stood at from 8 to 9 lakhs, may now be taken at about 6 lakhs, but that for withdrawals has shown a progressive fall during the year and we may now hope to count on these being on a smaller scale. The number of weak holders has been reduced, and investors have a greater inducement to hold their certificates, in order to reap the benefit of the gradually improving interest earned as a certificate approaches maturity.

Savings Banks deposits.

In the last three months of the previous financial year there had been a very marked increase in the net deposits in the Post Office savings banks. This improvement continued until the end of November last, since when there has been some excess of withdrawals over deposits, possibly due to European depositors taking advantage of the high rate of exchange to remit their deposits home. We anticipate that on the balance the net deposits during the year will amount to ₹1,70 lakhs, the same as last year, against the ₹2½ crore budget estimate for this year.

Treasury Bills.

35. Lord Meston entertained the hope of being able, during the course of 1919-20, to reduce our treasury bill outstandings by about ₹22 crores. These hopes were defeated by the large outgoings due to the Afghan war and the frontier operations, which had to be financed mainly by fresh sales of bills; the extent to which this was necessary will be gathered from the fact that at one period in October our outstandings had grown from 49¼ crores on April 1st to no less than 68 crores. During April, May and June our sales had been slightly in excess of the discharges, and during July and August, while the 5 per cent. loan was open to subscription, they were of course discontinued, so that by the end of August our outstandings had been reduced to about 44 crores. In September, however, our treasury position was one of very considerable difficulty. There were heavy maturities of bills to meet, and very high military issues, while the Secretary of State was drawing on us for Councils at the rate of about a crore a week. In consequence, the receipts

from the loan were used up soon after it had closed, and at the beginning of September we were obliged to re-introduce the sale of treasury bills and to give what, considering the time of the year, were very tempting rates. Even so, our balances remained so low that all possible sources of assistance had to be exploited. In the first place, as in the preceding year, the Presidency Banks were able to come to our help, and, all told, their advances amounted to 18⅓ crores. Secondly, we were obliged to obtain from the Council legal authority to increase our fiduciary issue of notes by 20 crores. This method of keeping ourselves in funds was admittedly undesirable, but there seemed every likelihood that we should have to resort to it.

Difficulty of keeping Treasuries in funds.

36. Altogether, throughout the first nine months of the year, the treasury position was a difficult one, and from August onwards of continual anxiety. Our payments of Council Bills during those nine months amounted to 30 crores, and the net military expenditure to over 96 crores. The treasury bills sold in excess of those discharged came to about 5 crores only, and the result of our being forced to issue 3 months' Bills in September at favourable rates was that in December (a month in which little revenue is collected and when our treasury balances are at the best of times always low) we had no less than 26⅓ crores of treasury bill maturities to meet. During December it seemed from day to day that we should have to fall back on our increased powers of note issue, but events happily took a more favourable turn, and with the help of large shipments of gold made to us by the Secretary of State, we managed to turn the corner till, at the beginning of January, our revenue began to come in. Since then our position has been one of comparative ease; and we anticipate that we shall be able to reduce our treasury bill outstandings by the end of the year to the figure at which they stood at the beginning of April last, while the whole of the ways and means advances will have been repaid to the Presidency Banks.

Necessity for reducing floating debt.

37. But we have been sailing very near the wind, and the moral is obvious. Anything approaching 50 crores of treasury bill outstandings, to say nothing of the 68 crores reached in October last, is a dangerous amount of floating debt for India to carry. We have learnt much during the war; in particular we have learnt to finance ourselves in ways that previously would have been thought impossible. But the experience of the last two years has taught us that we must not count on being able throughout the year to keep "floating" an amount of treasury bills so large as has been outstanding during the current year. The slightest tightness in the money markets results in our maturities running off without being replaced by fresh sales, and we have lived continually under the apprehension that we may at any time have to inflate the currency by increasing the fiduciary issue of notes in order to repay our treasury bill maturities. It is imperative, therefore, that we should now do all in our power to reduce our floating debt to more manageable proportions. In so far as this is not effected by funding in our long term loans, we must aim at utilising any surplus, arising from our ordinary revenues, to strengthen our ways and means position and to make us less dependent on the particular form of finance with which I have been dealing. I desire to apply the same remarks to the large ways and means advances which we have from time to time been obliged to take from the Presidency Banks. The financing of public expenditure by means of bank advances is, when made use of to any large extent, no less to be deprecated than a large amount of floating debt, seeing that it is represented merely by an entry in the Banks' books and is therefore in effect a direct inflation of credit. And we have a particular responsibility as regards these ways and means advances, since, unless promptly repaid, they handicap the Presidency Banks' ability to meet demands for money from the business public at a time of busy trade; we have in consequence to be prepared to repay these rapidly whenever a strong demand for money arises, as has been the case during the last few weeks. Lord Meston on March 1st last warned Council of the necessity for regularizing our position in respect of our floating debt and temporary advances; the events of the year have justified that warning; and if we are to be in a position to finance the more rapid development of the country, both moral and material, and to meet the many calls on our resources to which the quickening pulse of the nation will give rise, we must endeavour to safeguard ourselves against a recurrence of the embarrassments which I have described.

SECTION II.—THE YEAR 1920-21.

A.—Budget Estimates of Revenue and Expenditure.

38. This is the last occasion on which the budget will be framed on the existing division of revenue and expenditure between the Central and the Provincial Governments. The inauguration of the Reforms Scheme involves the abolition of the present divided heads of revenue and expenditure; and under the new financial arrangements the revenue and expenditure pertaining to each particular subject of administration will follow the administrative division. I shall deal subsequently with the broad effect which the new arrangements will have on the respective resources of the Government of India and the provinces. Meanwhile, our budget anticipations are of some importance as affording the latest available information on the manner in which the new arrrangements will affect the finances of the Central and Provincial Governments. I do not propose to trouble the Council with many details of our anticipations under the various heads of revenue and expenditure. Broadly speaking, these are based upon the belief that there will be no set back in general prosperity and that our revenues will continue to show that same expansion which has been exhibited in the current year.

Budget anticipations.

Customs.

39. *Customs.*—I have already mentioned that during the current year we expect to realize a total Customs revenue of about R22⅓ crores. We may reasonably expect that next year freight difficulties will have largely disappeared; on the other hand, we cannot expect that the producing power of European countries will reach anything like the pre-war level, and we can hardly count on that heavy inrush of commodities which might otherwise be expected with the full return of peace conditions. Nevertheless, there seems no reason to anticipate that the steady growth shown in our Customs returns of the current year will not continue, and we are consequently budgeting for R25½ crores, representing an increase of over R3 crores on the expected revenue of the current year. This figure assumes no change in our Customs tariff other than the recently announced abolition of the import duty on silver.

Railways.

Railways.—Under Railways we are budgeting for a continuance of that steady growth in traffic receipts which has been so marked for some years, and we have taken an increase of R4 crores over the R80 crores budgeted for the current year. On the other hand, we anticipate a considerable rise in working expenses in order to continue the renewals and replacements necessitated by the forced neglect during the war, and altogether we expect that the net receipts will be R34 crores or the same as in the current year.

Exchange.

Exchange.—I have already explained the complications arising from the large credit which we get in our accounts from gains by exchange. I will confess at once that it is difficult to frame a reliable estimate of what this figure is likely to be next year. No one can predict the extent to which the pound sterling may depreciate or appreciate during the next twelve months, and it is impossible to say what variations may take place in the rupee sterling exchange which, under the policy recently inaugurated, must rise or fall according as the pound sterling falls or recovers in terms of gold. And apart from the question of the actual rate, it is equally impossible to forecast the actual volume of our remittance transactions in either direction. From the remarks I have already made on this matter earlier in this narrative, it will be clear that a few millions more or less of Councils or Reverse Councils will make a very large difference in the total of the so-called gain. We have assumed that the average rate for the rupee sterling exchange will not be below 2*s.* 6*d.*; on the best estimate we are able to frame, our total gain during the year will amount to about R30¾ crores. Of this amount R12¾ crores will, for the reason which I have already given, be credited to our Railway, Irrigation and Delhi capital accounts. We propose to earmark R12 crores (as against R4½ crores in the current year) towards meeting the deficiency in the Paper Currency Reserve, leaving R6 crores to be credited to our revenue account.

If these anticipations be realised, our total Imperial revenue will be £92½ million (R1,38¾ crores). The estimate assumes the discontinuance of the Excess Profits Duty which was imposed as a temporary measure in March last.

Expenditure.

40. On the expenditure side, the only marked variations which we anticipate under the ordinary heads are—(1) An increase of over £1⅓ million over the current year's expenditure on *Posts and Telegraphs*, due to the inclusion of large provisions for increases of pay to subordinates and for outlay on stores. (2) Payments of *civil furlough* and *superannuation* allowances are expected to rise by £¾ million. (3) Under the '*Miscellaneous*' head there is an increase of about £¼ million representing the provision which we have entered for expenditure in connection with the visit of His Royal Highness the Prince of Wales; and (4) Under *Public Works* there is an increase of £318,000 due to the necessity for a somewhat heavier programme of works as the result of enforced economy during the war period. Set off against these are savings of—(1) £263,000 which we anticipate under *Interest* due to a reduction in our liability to the Home Government in respect of the £100 million contribution, and (2) of £275,000 under *Political* mainly in respect of special political expenditure incurred in Persia. Altogether, our expenditure under the ordinary heads is expected in the aggregate to exceed that of the current year by £3 million. The most important item, however, is of course our military expenditure. This I am dealing with separately, and merely mention here that we are entering a total figure of £40 million, as against £41¼ million in the current year's budget and the £57 million which we are expecting will actually be incurred. The net result is that we anticipate a total expenditure of £90½ million (₹1,35¾ crores), resulting in a surplus of £2 million. This is somewhat higher than that for which we usually budget, but if I have carried the Council with me in the remarks I made just now regarding the grave necessity for keeping down our floating debt, it will appreciate our reason for going somewhat beyond the usual figure. And I hope that I shall make this still further apparent when I come to deal with the heavy ways and means liabilities which lie before us.

Provincial Budgets.

41. During the war we were obliged to ask the provinces not to draw on their balances and to keep their expenditure strictly within the income of the year. This restriction was relaxed for the current year, and the provinces were allowed to budget for deficits aggregating nearly ₹3 crores, although as I have already mentioned, their revenues have on the whole actually been equal to their expenditure. For next year, although budgeting for revenues materially larger than those of the present year, they anticipate drawing on their balances to the extent of no less than ₹5¾ crores. A great part of these deficits is accounted for by large schemes of non-recurring expenditure which were necessarily held up during the war, but there is also a striking increase in the budgeted recurring expenditure, due to the very large revisions of the pay of subordinate establishments necessitated by the present scale of prices.

Alterations in super-tax.

42. We hope to attain the results outlined in the preceding forecast without any substantial addition to our Imperial taxation. In only one direction do we propose to modify our present scale of taxes. The present super-tax on the undivided profits of companies and firms has been the subject of considerable criticism on grounds of principle. It is urged that the tax is an incentive to companies to distribute more in dividends than is justified by their real financial position, and penalises those concerns which desire to strengthen their reserves. We have been told that Government would have done better to have levied a tax at a moderate rate on the whole income of companies, instead of applying the ordinary super-tax to companies' undivided profits. In the speech which he made last year on the Excess Profits Duty Bill Lord Meston gave on behalf of Government an undertaking that the question of so readjusting our taxation on incomes as to meet these objections would be considered as soon as the excess profits duty ceased to be levied. That time has now arrived. On the best estimate we have been able to frame we conclude that, if we relieve the undivided profits of companies and firms of the super-tax at present imposed, which runs up to 3 annas in the rupee, we shall lose about ₹1,76 lakhs. We propose to replace this by a new form of super-tax, similar to the "corporation" or "companies" tax levied in certain other countries, which will be assessed at the flat rate of 1 anna in the rupee upon the total income of each company in excess of ₹50,000. This will, of course, like the present super-tax, be in addition to the ordinary income-tax, and there will be no refunds. The present super-tax on individuals will remain as at present. The new super-tax on companies is estimated to bring us in about ₹2,20 lakhs a year, *i.e.*, ₹44 lakhs more than we lose. We should have been glad to have utilized this surplus in regrading the lower

stages of the ordinary income tax in order to relieve the poorer taxpayer and to make the stages more symmetrical. But we have felt it unsafe to do so at present in view of the necessity, to which I have referred, of making provision for meeting our temporary debt and short term liabilities. We shall in any case have relieved industry of the present burden of the Excess Profits duty, and this is as far as we are justified in going at present.

India's further contribution to the war.

43. I have one more explanation to give in connection with the estimates of revenue and expenditure, and it is an important one. The Council will notice, from the detailed information given in a later section that, in both our revised and budget estimates of military expenditure, provision has been made for the payment of certain portions of India's further contribution towards the cost of the war offered to His Majesty's Government in pursuance of the Resolution passed in this Council in September 1918. I would explain that these entries have been made provisionally; their retention will depend on the view which the Council takes as to India's liability in this matter. The Resolution contained a reservation that the offer of this further contribution should be subject to the conditions and safeguards indicated in Sir William Meyer's speech. Those conditions were that the payment would be reconsidered in the event of two contingencies occurring,—firstly, our having to fight on our own frontiers and to incur large expenditure in that connection, and secondly, our being faced with serious financial burdens in other respects, such as a famine or a great currency crisis. The Council will probably agree with me that the second contingency has not arisen. It cannot be said that there has been a grave currency crisis since the Resolution was passed. It is true that there was a serious failure of the monsoon in 1918, but the account which I have given of our revenue and expenditure during the current year will have shown that any loss which we have sustained on this account has been counterbalanced by our prosperity in other directions. But the expenditure of about £15 million involved by the Afghan war and frontier operations of 1919 clearly makes the first condition operative. Whether we should stand on that condition, or should agree to waive it, wholly or in part, is a matter which must be left to the verdict of the non-official Members of the Council. There are considerations of weight on both sides. I will not attempt to balance these here, but in order to provide Hon'ble Members with the facts regarding the amount of the additional contribution and with other material necessary for forming an opinion on the merits of the case, I have appended to this Financial Statement a note on the subject (Appendix II); in that note I have not attempted to draw any conclusions, but have merely endeavoured to set forth what appear to me to be the financial issues involved. Should the Council decide to withdraw, either wholly or partially, from the offer made to His Majesty's Government in September 1918, the necessary corrections will be made in the estimates before the Budget is finally presented.

B.—Ways and Means, 1920-21.

Capital outlay.

44. I will now deal with the demands which we anticipate will fall on our cash resources during the coming year. The most important item is our capital outlay on railways, irrigation and Delhi. We hope to continue the progressive policy initiated last year in the matter of developing our great and profitable railway estate, and are budgeting for a railway capital expenditure of £18 million in England and 4½ crores in India as compared with the £18 million in England and *nil* in India budgeted for the current year. For irrigation we are budgeting for £580,000, which is all that the Public Works Department can spend until some of the large new projects now begun or under contemplation reach a more developed stage. For Delhi we are entering £800,000, which is however reduced to £736,000 by a credit for gain by exchange. I shall give a further explanation shortly of our capital programme under these three heads. Meanwhile, I must draw attention to the fact that we have here one of those awkward complications which arise from the conversion of rupees into sterling at 1*s.* 4*d.* In the statutory statements appended hereto the figure for railways totals £14·6 million only, in spite of the fact that we anticipate an outlay in England alone of nearly £18 million. This is one of those anomalies which are inevitable with the figures prepared on a basis which is now obsolete, the reason being, as I have already explained when dealing with the

treatment of the gain by exchange, that the capital account has to receive a credit which in the case of Railways amounts to nearly 10 crores. When the rupee and sterling figures are then combined upon a 1*s.* 4*d.* basis, the result is £14·6 million. The best way of comparing the railway capital budgets for the current and next years is to say that, while the former was calculated to cost the Indian tax payer 24 crores, the latter will cost him about 19 crores at the rate of exchange of 2*s.* 6*d.* the rupee.

45. Another very important item is the entry of £12·9 million for discharge of debt. From 1920 onwards our various series of War Bonds, issued in 1917 and 1918, will mature, and for some years their repayment will make a severe call on our resources ; on August 15th next we have to find over 19 crores for this purpose. I may mention that we are doing what we can to work out such administrative measures as will enable the holders of these War Bonds, many of whom are quite small people living in remote towns and villages, to get repayment with the minimum of formality and inconvenience to themselves, and for this purpose the Securities Bill now before the Council will, when passed into law, be of great assistance in enabling us to waive many of the formalities necessitated under the existing law. Repayment of War Bonds.

46. I have already mentioned that in the current and next year we are placing in suspense 4½ and 12 crores, respectively, towards meeting the deficiency in the Paper Currency Reserve. These amounts are, of course, for the time being held in our general balances, but we hope during the course of next year actually to apply 9 crores or £6 million in making up that deficiency. Making up of deficiency in Paper Currency Reserve.

Finally, we have to meet heavy drawings by the provinces on their balances amounting to over 5½ crores. Altogether, then, we have to meet liabilities amounting to £38·6 million.

47. These are heavy liabilities, and our ability to incur the capital outlay proposed will depend to a large extent on the measure to which we can count on obtaining money through our rupee loan. We assume, however, that the Indian money market and the investing public generally will be prepared to take up our loan with something of the freedom shown in the current year. Should this not prove to be the case, we shall be obliged, however reluctantly, to curtail our capital programme. I now turn to the steps by which we propose to meet the liability of £38·6 million. We have, to start with, an anticipated Imperial surplus of £2 million, while we propose to reduce our cash balances during the course of the year by £3·2 million. Next, we assume a loan of 15 crores or £10 million. We hope to receive credits, in respect of stores charged to the War Stores Suspense account, to the extent of £7 million, and to recover £2·7 million from the War Office in respect of cash balances in Mesopotamia which will be transferred to the new administration of that country. As already stated, we hope to obtain a credit of £8 million from exchange gain, and the balance of our requirements will be found from Savings Bank deposits and other miscellaneous transactions. These transactions are summarised in the statement below :— Assets.

Liabilities.	(In millions of £)		*Assets.*	(In millions of £)
Provincial deficit		3·8	Reduction of cash balances	3·2
Capital outlay :—			Imperial surplus	2·0
Railways	14·6*		Rupee loan	10·0
Irrigation	0·6		Savings Bank, etc., deposits and cash certificates	2 1
Delhi	0·7		Net gain on exchange and gold operations held in suspense for meeting deficiency in Paper Currency Reserve	8·0
		15·9	Credits for issues of Stores charged to Suspense Account	7·0
Discharge of debt		12·9	Recovery from War Office in respect of cash balances in Mesopotamia to be transferred to new Administration	2·7
Appropriation for deficiency in Paper Currency Reserve		6·0	Miscellaneous items, (appropriation from Famine Insurance grant for reduction of debt, deposits, etc.)	3·6
		38·6		38·6

*Made up of:

Indian outlay	4,51 lakhs.
Adjustment for exchange	—9,74 „
Home outlay	£18,138,000

48. I have already tried to explain the difficulty of making a reliable estimate of our probable remittance transactions between England and India during the coming year, and I do not think therefore that it will serve any useful purpose for me to go into any details here as to the probable ways and means positions in England and India separately. All I will mention is that we expect that the Secretary of State's disbursements will amount to about £46 million, and that he will be able to meet these from the recoveries which he will make from the War Office in respect of payments made by us in India on their behalf and by selling Council Bills for £8⅓ million.

SECTION III.—NOTES ON CERTAIN SPECIAL HEADS.

A.—Military Services.

Financial results of the year.

49. The net military expenditure (*i.e.*, deducting receipts) was £44½ million in 1918-19. The budget estimate for 1919-20 was £41,195,000. This figure included a provision for the payment to His Majesty's Government of an additional war contribution of £8,695,000. In the Revised estimate a sum of £1,541,700 has been included provisionally on account of this additional war contribution, the amount being made up as follows :—£246,700 for the effective charges of the additional body of Indian troops, being the equivalent at £1=R15 of an instalment of £500,000 of the special contribution ; £995,000 for war pensionary charges of Indian troops and their British officers; £300,000 for war pensionary charges of British troops. The grounds for the reduction of the contribution for effective charges to a payment on account of £500,000 are explained in paragraph 6 of the Appendix dealing with this special contribution. Omitting these special payments, the net expenditure in 1919-20 is now expected to amount to £55,475,000 against a Budget estimate of £32,500,000. The increase over the Budget estimate thus amounts to £22,975,000. The Budget, however, also included a reserve of £871,000 under the Army head to meet unforeseen expenditure. The excess over the specific provision is therefore £23,846,000. Of this, £14,736,000 represents the cost of the operations against Afghanistan and the tribes on the North-West Frontier.

Nature of the war expenditure in the current year.

50. In presenting the military estimates for the current year, it was assumed that the year 1919-20 would be one of demobilisation. Unfortunately, as the Council are well aware, this anticipation has not been realised. The details of the campaigns on our frontier are known to the Council and I need not dilate on them, other than to emphasize the fact that the crisis arose at a time when the resources of India, both in men and material, had been sorely taxed by the Great War. Owing partly to deficiencies due to this cause and partly to the insistence, by present day public opinion, on a higher standard of efficiency in the military organisation, and of comfort for the fighting personnel, expenditure on a scale hitherto unprecedented in India had to be undertaken immediately. We were compelled not only to postpone the disbandment of considerable bodies of additional troops which were raised in India in 1918, but also to adopt every expedient which economises human life at the expense of mechanical contrivances and which makes life more comfortable on field service. Our total bill of £14¾ million includes special rations and special clothing for the effective personnel of the army; special hospital equipment and diet; the provision of ice plants, electric fans and lights, mobile water filtration plants, and pure water supply; the provision of huts for troops where in previous campaigns tents sufficed; the provision of mechanical transport and their workshops, motor ambulance convoys, additional animal transport required to carry the special war material entailed by modern requirements; the construction of roads, in localities where construction is specially expensive; the provision of ambulance trains and special rolling stock for troop movements; the survey and construction of special railways; the installation of ropeways; the provision of lethal munitions of modern character, heavy guns, machine guns approximating to the scale adopted in the Western theatres of war, armoured motor batteries, aeroplanes and their fighting equipment; improved equipment for defences involving heavy expenditure on barbed wire and defensive posts. The cost of all this has been higher than it

might otherwise have been. We were at the end of 5 years of war ; high prices ruled everywhere and these affected not only the cost of material but the cost of our Indian recruits, including followers. But the expenditure was unavoidable ; when it is a question of war, purely financial considerations must necessarily give way.

51. Apart from special war contributions and the cost of the operations on the Frontier, the expenditure in the current year is estimated to exceed the specific provision in the budget by £9,110,000. The occurrence of this excess expenditure, in addition to the direct liabilities of the Frontier operations, has engaged our anxious attention for some time past, and in November last a Sub-Committee of the Executive Council was appointed to investigate the causes contributing to the excess demand. In the result, while steps were taken to enforce every practicable economy, extra expenditure to the amount now stated has been found to be inevitable. It is due in the main to two well-defined causes. Firstly, a very large proportion, amounting to over 7 crores of rupees, consists of items which can best be described as residuary obligations arising out of the great war. Secondly, the operations on the North-West Frontier reacted directly or indirectly on the ordinary heads of expenditure. The clearest example of the former category is an item of £2,800,000, which is required to pay the war gratuity admissible under the Royal Warrant to our permanent complement of regular British officers and soldiers for service in India during the period of the war. This represents an element in the contribution which we make to His Majesty's Government under the arrangement whereby we undertook to bear the cost of the normal garrison in India. It is a non-recurring charge, the liability for which was not known at the time of the preparation of the budget for 1919-20. The gratuity payable to our Indian soldiers for their service overseas in the great war has been provided for, but it does not appear in the present account, since the cost is chargeable to His Majesty's Government. Then, again, we had to face an all round increase in the pay of the personnel of the army. The process was initiated by His Majesty's Government at home with effect from 1st July 1919, and we, as a necessary consequence, have conceded a similar increase in the pay and furlough pay of British officers and soldiers serving in India. The cost of this will amount to about £2 million inclusive of medical services and miscellaneous British personnel. As a corollary to this, we have found it necessary to continue the grant to Indian troops of the increase of pay represented by the six-monthly bonus sanctioned in 1918. For the present, the increase is a temporary measure, which will require to be reconsidered in the light of the proposals which may be put forward by the Army in India Committee for the future organisation of our Indian Army. So long as the six-monthly bonus was paid for the specific purpose for which it was first granted, namely, the stimulation of recruitment for overseas forces, its cost was chargeable to His Majesty's Government, but its continuance in the circumstances which I have stated will now involve an expenditure of £270,000 from Indian revenues. We have also granted rewards consisting of cash grants and grants of land to Indian officers and men who have rendered distinguished service during the war, and have sanctioned increases of pay to various Indian establishments including followers. The cost of these measures will amount to £130,000. We have also had to meet obligations entailed by the higher standard of military equipment necessitated by the experience gained during the great war. We have added permanently to our establishment 6 Ford Van companies, together with workshops for repairing motor vehicles. It has been necessary to provide more animal transport units, and to make certain additions to the cadre of the Supply and Transport Corps, consequential on the grant of free rations to Indian troops and the development of transport services, and in the Army Veterinary Services and other administrative establishments. These various undertakings are estimated to cost about £460,000. Food-charges account for an increase of £550,000 owing to continued high prices ; the cost of the Aden Operations will exceed the budget estimates by £110,000 ; the expenditure on certain services, *e.g.*, Port defences, Coastal patrol service, etc., by £150,000 ; the railway charges for military traffic and the hire of bullock transport by £280,000 ; and the expenditure on the purchase of stores in India for the Royal Air Force and for mechanical transport by £70,000. An additional sum of £600,000 will also have to be paid to the War Office in respect of the non-effective charges of British troops serving in India, partly owing to a rise in the rates of pensions and partly in connection with the settlement of certain claims which the War Office has against us on account

Excess of ordinary military expenditure.

War gratuity.

Increases of pay.

Rewards.

Improvement of equipment.

of the ordinary charges of British troops with previous Indian service whose ordinary pensions did not mature owing to death or disability in the Great War.

52. The expenditure on Military Works will exceed the budget estimates by £1,315,300. The excess consists very largely of items which, though adjustable for accounting reasons against the ordinary estimates, are more or less directly attributable to the Afghan war. Thus, the increase of Air Force establishment involved the provision of buildings for the accommodation of the extra personnel and for housing the valuable equipment which an Air Force requires. The works will, however, be of permanent utility and accordingly it would not be correct to charge their cost to the operations. The same is the case with the expenditure on Frontier roads (£180,000) and mechanical transport workshops (£133,000). Apart from this quasi-war expenditure, we have been compelled to provide accommodation on an enhanced scale for families of British units arriving from England at a cost of £140,000. This measure has been taken under the direct advice of His Majesty's Government. At the same time considerable expenditure has been incurred on reconstructing and improving the lines of Indian troops and on providing the buildings necessitated by the provision by Government of free rations for Indian troops.

Budget, 1920-21.

53. The budget provision for next year has been taken at £40 million. Out of this sum £1·45 million has been provisionally earmarked for payment of instalments of the additional contribution to His Majesty's Government, namely, £·25 million being the equivalent at ₹15=£1 of a second instalment of £·5 million for effective charges and £1·2 million for non-effective charges and the balance of £38·55 million will be available for the services of the army. The detailed grants working up to this figure have not yet been definitely settled, the reason for this being that the disturbed conditions which still prevail in India and the Middle East have rendered it equally impossible to obtain any clear assessment of our normal military liabilities in the future or to guarantee immediate reduction to any peace standard it may be decided to adopt. This matter also is being specially examined by the Sub-Committee of His Excellency the Viceroy's Council, to which reference has previously been made, and the problem with which they have to deal is one of unusual difficulty. But I may say at once that, if India is to maintain in an efficient state an army of the strength required for the adequate defence of her frontiers, the cost of the military services will in future be much in excess of the sum which we have been accustomed to allot in our budget for this purpose. In dealing with the revised estimates I have mentioned a number of the new permanent liabilities which have been brought upon us by the European war and the only point which I desire once more to emphasize is that we obviously cannot revert to the pre-war standard of equipment, since it would be neither right nor humane to deny to our soldiers the advantage which an improved equipment ensures: and the new equipment of which aeroplanes, improved artillery and mechanical transport may be taken as the most conspicuous examples, is extremely expensive both in initial cost and cost of maintenance. It is recognised, on the other hand, that the extended employment of up-to-date weapons and war material generally should render feasible certain reductions of personnel and every possible economy of this kind is being carefully studied. The object in view will be the possession of an army of the minimum strength, compatible with safety, but fully mobile and equipped with all the requisites of war, well paid, well housed, and well clothed. But much still remains to be done to establish our army on this basis and in the ensuing year our expenditure will be specially high owing to the fact that we must incur a certain amount of initial outlay on the purchase of new equipment of various kinds, on the construction of hospitals and barracks and other important military requirements. Initial outlay of this character will so far as possible be spread over more than one year, but the extent of this process is limited by certain vital considerations, and it will be clear that until we can feel greater confidence in regard to possible dangers threatening us from the Middle East, our military expenditure will necessarily represent more than the cost of the army we hope to maintain in settled peace conditions. The very full data collected by the Army authorities have been exhaustively scrutinised; every feasible economy has been effected, and the provision of £40 million is the least which can safely be inserted in the budget. And I must warn the Council that if the operations on the frontier should continue into the ensuing year, even the provision now proposed will not suffice,

B.—Railways (Capital Outlay).

54. The Railway Capital expenditure on State-owned lines included within the Railway Programme, including both open lines and lines under construction, amounted to £1,978,700 in 1916-17, £2,529,300 in 1917-18 and £4,154,500 in 1918-19. In the Budget for the current year provision was made for £17·7 millions which, owing to failure of English supplies, it has not been possible to utilize fully. The latest estimate of expenditure is placed at £14·5 millions, which will be reduced to £10,211,000 by gains on exchange.

55. I have already mentioned that next year it is proposed to raise the provision to £18 millions for home and 4½ crores for Indian expenditure. The major portion of this sum will be devoted to works of improvement on existing lines and especially to provision of traffic facilities to enable railways to meet the increased demand on their resources which has followed the revival of trade. It is also hoped to make a beginning in replacement of the lines which it was necessary to dismantle during the war, and a sum of £212,000 has been allotted for this purpose. Progress in this respect is, however, directly dependent on the supply of materials, unfortunately still limited. In view of the pressing necessities of open lines it is not possible to provide at present for any considerable amount of new construction, but a sum of £630,000 has been allotted to enable a start to be made on some of the more urgent projects held in abeyance during the war.

56. Detailed figures showing the Capital outlay on all State lines up to the end of each year from 1916-17, and the net return obtained after deducting working expenses and interest charges will be found in the Secretary's memorandum. The return on railway capital (excluding interest charges) was estimated in the current year's Budget at 5·51 per cent. We now estimate it at 5·68 per cent. in consequence of the small increase in net railway earnings resulting from the gain by exchange creditable to the railway revenue account. For next year we put it at 5·51 per cent. The charges for interest in the current and ensuing years work out to 3·82 and 3·85 per cent. respectively on the capital outlay, so that the final net profit on railways is 1·86 and 1·66 per cent. respectively. These interest charges include certain annuity and sinking fund payments which really go towards the discharge of debt.

C.—Irrigation (Capital Outlay).

57. Details regarding the financial position of our great irrigation undertakings will be given in the Secretary's memorandum, which will bring up to date the information given in connection with previous Financial Statements. The percentage of net profit on productive works was 6·08 in 1918-19, and is calculated at 7 in 1919-20. In the coming year we calculate it as 7·17.

58. The total length of main and branch canals and distributaries of State irrigation works of all classes in operation during the year 1918-19 was 66,120 miles which was 644 miles greater than the mileage in operation in 1917-18. It is expected that an additional length of 425 miles will have come into operation before the close of the year 1919-20. The total culturable area commanded by these canals amounted to nearly 52 million acres of which nearly 25 million acres were irrigated in 1918-19, and it is anticipated that during the current year the canal irrigated area will aggregate 26¾ million acres. During 1918-19 no new works of any importance were opened for irrigation. Irrigation on the Punjab triple canal system, *i.e.*, the Upper Jhelum, Upper Chenab and Lower Bari Doab canals has developed satisfactorily. The area irrigated during the current year is estimated at 1·7 million acres which is 363,000 acres in excess of that irrigated in 1918-19. The total irrigable area contemplated in the project estimate is 1¾ million acres, and it will thus be seen that this acreage has practically been attained. Besides the canals actually in operation, there are 35 schemes which are either under construction, awaiting sanction or being examined by the technical experts. It is estimated that if all schemes under consideration or projected are eventually carried out, they will extend the benefits of canal irrigation to an additional area of about 10 million acres; their estimated cost amounts approximately to £40 millions sterling, from which a return of about 7 per cent. is anticipated.

59. Progress of work on canals under construction has been maintained satisfactorily, though it has been limited by shortage of officers, large numbers of whom were absent on military duty and have only recently returned. It is anticipated that the new permanent headworks of the Ganges Canal will be completed during the ensuing year. Of the more important schemes, that for the Sarda Kichha Feeder has received the sanction of the Secretary of State, and the local Government is now making arrangements for the execution of the work. A modified project for the Sarda canal for Oudh, of which the Sarda Kichha Feeder forms a part, is under preparation by the local Government. The Grand Trunk canal project in Bengal, which is designed to connect Calcutta with Eastern Bengal and Assam has recently been submitted to the Secretary of State for sanction. It is proposed to finance this work, which is estimated to cost ₹3,09 lakhs, from capital funds. A detailed project for the irrigation of the Sind Sagar Doab is now under consideration; as now designed, the scheme will provide for an annual irrigation of about ·2 million acres; the total cost of the project is estimated at 9,28 lakhs and the net revenue, after deducting working expenses, is estimated at ₹91½ lakhs a year. This scheme, if carried out, will bring prosperity to a desert tract with a very low rainfall, and it is believed that it will at the same time bring in a return of nearly 10 per cent. to the State. Of the other large schemes described last year as under investigation, those for the Sukkur barrage and the Bhakra dam are still under investigation and projects are being framed by the Governments of Bombay and the Punjab. The Sutlej Valley project referred to last year has moved a stage forward; the scheme was discussed by representatives of all parties concerned in December last, and a detailed project is now being prepared.

D.—New Delhi.

60. The outlay for the year 1919-20 under this head, after allowing for a credit of ₹1 lakh for gain by exchange, is expected to amount to ₹50 lakhs as compared with a budget grant of ₹45 lakhs, an additional sum of 6 lakhs having been allotted in order to push on with the preparation for next year's work. It was pointed out last year that the recurring expenses of the present make-shifts were adding appreciably to the cost of the New Capital of India. Fortunately it is now possible to contemplate a programme which will enable the main buildings in the New City to be completed by the end of 1924, and in pursuance of this programme the grant for 1920-21 has been fixed at ₹1,10 lakhs, after allowing for a credit of ₹10 lakhs for gain by exchange. Sir E. Lutyens and Mr. H. Baker came out from England towards the end of 1919 and have been busy in connection with the scheme. Among the more prominent projects on which they have been employed are the chambers for the new Legislative Councils, the Medical Research Institute, the War Museum and the proposed memorial arch to the soldiers of the Indian Army who fell in the Great War.

Conclusion.

Reform finance; the Imperial deficit.

61. As I have said before, this is the last occasion on which we shall present a budget based on the combined accounts of the Provincial and Central Governments; and next year will see the introduction to the new Legislative Assembly of a purely Imperial budget. We are now engaged in working out the many changes in rule which will be required in order to give the provinces the financial independence which the new order of things demands. If the supervision of finance and the control of expenditure by the Central Government have seemed at times to have been unduly rigid, too careful of the established rule and canon, I would ask our critics to cast their memory back to the days, not so long past, when our resources were inelastic, when a single season's scarcity could produce a financial crisis, when Indian capital came forth with reluctance to support our loans. We have succeeded to days of gradually swelling revenues, of somewhat easier ways and means; but I think that the Standing Committees of the new Councils and their new Finance Members will do well if they exercise their powers with something of the caution which has marked our expenditure control of the past. There is no

truer canon of finance than the old axiom, sanctified by the experience of ages, *magnum vectigal est parsimonia.* The extent of the finances which will be at the disposal of the reformed governments is, I know, a subject of live interest to this Council. The Joint Report of 1918 anticipated an Imperial deficit of 13½ crores, that deficit being made up by contributions from the provinces. This would have left the provinces in the aggregate with a net surplus of about 2 crores. We have reconsidered the position in the light of the probable gains from exchange, and have done so in only one spirit, the genuine desire to reduce the contributions to the lowest possible figure consistent with safeguarding the requirements of the country as a whole. There is no question of Government of India finance against provincial finance; the provinces are no less interested than is the Central Government in the maintenance of our great Imperial services; the Central Government is equally concerned that provincial reform and provincial development should not be strangled by inadequate finance. After considering the effect of the present budget as arranged on a 2 shilling basis, we think that we are justified in assuming for the present a reduction of the Imperial deficit to 6 crores, and we have provisionally indicated this figure to Lord Meston's Committee on Financial Relations as the basis of their inquiry into the apportionment of contributions. We have further indicated that we propose to assume the liability for extinguishing these contributions within a measurable time. The result will be that, adopting the figures of the provincial budgets for next year, as at present known to us, the Local Governments will be 11 crores a year better off than under the present division of revenues between the Government of India and themselves.

Summary: The current year.

62. It would indeed have been a grateful task had I been able, in presenting to the Council the revised estimates of the present year, to exhibit a result more in keeping with the anticipations expressed by Lord Meston on the 1st March last year. He looked forward to a moderate surplus, and to the extinction of some 22 crores of temporary debt. The Afghan war has involved us in a heavy deficit, and our Treasury Bill liability shows no reduction on the figure outstanding at the beginning of the year. But the picture is not entirely devoid of brighter features. Our revenue has more than fulfilled the expectations formed last March; our silver reserves stand reasonably high; and we have managed to finance ourselves up to the present without utilizing the power taken last September to increase the fiduciary note issue. For the coming year we take, and experience shows that we are justified in taking, an optimistic view of the growth of our major revenue heads. Our expenditure will be swollen by the provision which we have had to make for the revision of establishments due to the continued prevalence of high prices; but the dominant feature on the expenditure side of our budget is the high figure which we have been obliged to insert on the Military account. I have already explained at length the circumstances under which we have made this provision. I do not desire to base it on any defined threat or menace from the Middle East; but no one cognisant of the facts can be free from apprehension of the consequences which may ensue to the peace of India from the sinister movements now on foot in that quarter; and it would be little short of criminal if, in the circumstances, we failed to provide during the coming year the finance essential to keep our Army up to the necessary standard of efficiency. The sum we have provided is, I am persuaded, the bare minimum required. But apart from the special requirements of the coming year, I would again remind the Council that modern armies, with their demands for latter day equipment, for mechanical contrivances and technical establishments, are bound to be more expensive than the armies of the pre-war era. It is unnecessary to quote European analogies; but the Council will be interested to know that Japan has made a provision for its military expenditure in 1920 which is more than three times that of 1918. We hope, however, to finance these increased demands on our resources, both civil and military, without any additional burden to the country other than that involved in the rearrangement of the super-tax to which I have already alluded. On the capital side we contemplate a railway programme which will, we hope, satisfy those who are interested in the development of this great asset that we are not failing in our duty to repair the deficiencies of the years of war; and we look forward to meeting the first of the heavy liabilities involved by our short-term loans, namely, the repayment of the 19 crores of War Bonds which fall due in August next. As I have already reminded the Council this programme can only be realised if India gives a liberal response to our rupee loan in the coming year.

The year 1920-21.

Future liabilities.

63. As for the future, the revenues of India are steadily and surely expanding; and their expansion affords a guarantee of their adequacy to meet such problems of development as immediately confront the administration of the country. Our preoccupations lie rather in the provision of ways and means to meet our capital liabilities. The provinces will be drawing on their accumulated balances; and they will before long be asking for a share in the Imperial loans, or raising loans themselves. Our outstanding liabilities are not light. We have to meet twenty-five crores of war bonds in 1921, eleven crores in 1922, over two in 1923, and our terminable loan of five crores also falls due in that year. We have a breathing space in 1924; but in 1925 we have further payments to make of four crores and in 1928 we have to face a heavy maturity of twenty-five crores. Meanwhile our railways will not cease to demand fresh provision of capital money, and we have heavy irrigation projects in view. The solution of the problems of the future depends therefore on the growing accumulation of capital wealth in India, and the interest which the Indian money market evinces in our loan issues. We had evidence during the war of what India could invest under the inspiration of patriotic motives; the response to our last year's issue afforded a proof that business India accepted our loan as a sound and profitable security. With such proofs before us, and in the belief that the social and material development of the country will carry with it an increased sense of responsibility for the economic use of its expanding resources, we need not hesitate to look on the future with a full measure of confidence and trust.

W. M. HAILEY.

The 1st March 1920.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA,

MARCH 1920.

ACCOUNTS	1918-19
REVISED ESTIMATES	1919-20
BUDGET ESTIMATES	1920-21

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,089,944	22,686,400	22,057,400	23,711,200
Opium	„	3,289,111	3,056,200	2,990,800	2,942,000
Salt	„	4,277,989	3,914,300	3,800,700	4,488,400
Stamps	„	6,018,976	6,097,100	7,223,100	7,507,500
Excise	„	11,557,518	12,153,300	12,718,900	13,540,600
Customs	„	12,120,641	13,352,400	14,919,500	17,009,700
Income Tax	„	7,758,462	13,554,900	15,606,700	11,330,400
Other Heads	„	4,316,273	4,568,900	5,005,700	5,169,300
TOTAL PRINCIPAL HEADS	...	70,428,914	79,383,500	84,322,800	85,699,600
Interest	A	3,829,422	3,637,400	4,255,100	3,715,600
Posts and Telegraphs	„	5,342,967	5,716,800	5,996,800	6,184,200
Mint	„	1,826,814	1,356,500	1,669,700	679,500
Receipts by Civil Departments	„	2,094,802	1,957,500	2,157,400	2,086,200
Miscellaneous	„	6,728,458	2,557,400	1,862,800	6,276,800
Railways: Net Receipts	„	24,962,239	21,372,900	21,607,300	21,774,700
Irrigation	„	5,346,507	5,511,900	5,843,600	5,945,200
Other Public Works	„	347,649	323,000	363,500	371,300
Military Receipts	„	2,349,972	1,587,300	1,771,600	1,519,500
TOTAL REVENUE	...	123,257,744	123,404,200	129,850,600	134,252,600
DEFICIT	...	3,820,409	...	14,368,100	...
TOTAL	...	127,078,153	123,404,200	144,218,700	134,252,600

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Revenue, of the Government of India, in India and in England.

	For details, vide Statement.	Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	11,787,122	11,293,300	12,082,900	13,410,100
Interest	„	8,127,090	7,763,500	8,934,200	8,192,500
Posts and Telegraphs	„	3,974,954	4,580,200	4,725,300	6,073,500
Mint	„	305,810	284,500	356,200	254,800
Salaries and Expenses of Civil Departments	„	23,638,218	24,549,100	25,818,300	28,250,200
Miscellaneous Civil Charges	„	6,292,776	6,139,100	6,564,900	8,634,700
Famine Relief and Insurance	„	1,000,000	1,789,100	1,229,700	1,000,000
Railways: Interest and Miscellaneous Charges	„	14,394,142	14,468,900	14,590,200	15,284,200
Irrigation	„	3,946,829	4,071,100	4,221,200	4,381,400
Other Public Works	„	5,651,871	6,932,700	6,857,300	9,074,100
Military Services	„	(a) 46,880,210	(b) 42,782,300	(c) 58,788,300	(d) 41,519,500
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	125,999,022	124,653,800	144,168,500	136,075,000
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,143,955	...	834,000	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*64,824*	*1,918,200*	*783,800*	*3,827,000*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	127,078,153	122,735,600	144,218,700	132,248,000
SURPLUS	...	...	668,600	...	2,004,600
TOTAL	...	127,078,153	123,404,200	144,218,700	134,252,600

(a) Includes £12,700,300 for further assistance from Indian revenues towards the cost of the military forces raised in India.
(b) „ £ 8,695,000 „ „ „ „
(c) „ £ 1,541,700 „ „ „ „
(d) „ £ 1,450,000 „ „ „ „

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Surplus	C	...	668,600	...	2,004,600
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	"	...	...	—73,600	...
Capital contributed by Indian States towards construction of State Railways	"	...	...	...	...
Capital raised and deposited by Railway Companies (net)	"	...	165,700	...	110,300
TOTAL CAPITAL ACCOUNT RECEIPTS		...	165,700	—73,600	110,300
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	724,000	4,763,700	9,178,400
Temporary Debt (net incurred)	"	19,572,725	...	...	...
Unfunded Debt (net incurred)	"	4,326,394	3,130,400	880,100	2,125,500
Deposits and Advances (net)	"	...	21,111,100	12,198,600	10,232,000
Loans and Advances by Imperial Government (net Repayments)	"	...	...	84,400	...
Loans and Advances by Provincial Governments (net Repayments)	"	...	...	...	638,900
Loans to Local Boards for Railway Construction (net Repayments)	"	17,290	9,000	9,100	9,400
Remittances (net)	"	8,963,834	6,174,300	...	1,756,800
Secretary of State's Bills drawn	"	6,599,945	12,250,000	31,226,200	8,375,000
Sterling Transfers on London drawn	"	5,315,000	...	24,544,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		44,795,188	43,398,800	73,706,100	32,366,000
TOTAL RECEIPTS	...	44,795,188	44,233,100	73,632,500	34,480,900
Opening Balance—India	...	15,325,177	12,475,477	17,900,258	13,929,858
England	...	16,625,416 (a)	13,200,616 (b)	14,715,827 (a)	7,507,927 (a)
TOTAL	...	76,745,781	69,909,193	105,648,585	55,918,685

(a) Include balances of the Gold Standard Reserve as shown
(b) Of this amount £6,000,099

M. F. GAUNTLETT,
Comptroller and Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

Government of India, in India and in England.

	For details, vide Statement.	Disbursements. Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Deficit	C	3,820,409	...	14,368,100	....
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	236,722	433,300	235,900	575,400
Outlay on State Railways	"	4,857,499	16,870,500	8,704,400	13,735,200
Initial outlay on new Capital at Delhi	"	285,793	300,000	333,300	735,300
Outlay of Railway Companies (net)	"	—582,682	1,499,400	1,677,300	1,049,200
Capital raised and deposited by Railway Companies (net)	"	1,419,639	...	339,600	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	6,216,971	18,603,200	11,291,000	16,095,600
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	14,590,686	...	...	...
Temporary Debt (net discharged)	"	...	14,994,700	1,155,600	12,786,800
Deposits and Advances (net)	"	5,412,915	...	....	...
Loans and Advances by Imperial Government (net Advances)	"	35,470	59,500	...	415,100
Loans and Advances by Provincial Governments (net Advances)	"	1,325,176	760,100	972,300	...
Remittances (net)	"	...	...	473,600	...
Secretary of State's Bills paid	"	8,193,069	12,250,000	31,226,200	8,375,000
Sterling Transfers on London paid	"	5,135,000	...	24,724,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	34,692,316	28,064,300	58,551,700	21,576,900
TOTAL DISBURSEMENTS	...	44,729,696	46,667,500	84,210,800	37,672,500
Closing Balance—India	...	17,300,258	12,322,577	13,929,358	12,078,758
England	...	(a) 14,715,827	(b) 10,919,116	(a) 7,507,927	(a) 6,167,427
TOTAL	...	76,745,781	69,909,193	105,648,585	55,918,685

in the notes on pages 50 and 51.
represents the funds of the Gold Standard Reserve.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1918-1919.					REVISED	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	21,089,944	...	21,089,944	10,155,218	10,934,726	22,057,400	...
II.—Opium	3,289,111	...	3,289,111	3,289,111	...	2,990,800	...
III.—Salt	4,277,989	...	4,277,989	4,277,989	...	3,800,700	...
IV.—Stamps	6,018,976	...	6,018,976	3,071,432	2,947,544	7,223,100	...
V.—Excise	11,557,518	...	11,557,518	3,207,184	8,350,334	12,718,900	...
VI.—Provincial Rates	28,012	...	28,012	73	27,939	86,100	...
VII.—Customs	12,120,641	...	12,120,641	12,120,641	...	14,919,500	...
VIII.—Income Tax	7,758,462	...	7,758,462	5,180,047	2,578,415	15,606,700	...
IX.—Forest	3,121,255	...	3,121,255	156,169	2,965,086	3,619,800	...
X.—Registration	572,652	...	572,652	7,955	564,697	723,800	...
XI.—Tributes from Indian States	594,354	...	594,354	594,354	...	626,000	...
Total	70,428,914	...	70,428,914	42,060,173	28,368,741	84,322,800	...
XII.—Interest	1,054,182	2,775,240	3,829,422	3,569,348	260,074	1,306,700	2,948,400
XIII.—Posts and Telegraphs	5,329,967	13,000	5,342,967	5,342,967	...	5,942,700	54,100
XV.—Mint	1,826,741	73	1,826,814	1,826,814	...	1,669,600	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	420,943	...	420,943	22,189	398,754	485,600	...
Jails	511,728	...	511,728	89,677	422,051	417,300	...
XVII.—Police	185,837	...	185,837	4,496	181,341	170,600	...
XVIII.—Ports and Pilotage	132,176	...	132,176	...	132,176	136,700	...
XIX.—Education	304,300	...	304,300	7,057	297,243	325,800	...
XXA.—Medical	110,785	231	111,016	1,655	109,361	113,800	300
XXB.—Sanitation	33,706	...	33,706	6,776	26,930	46,000	...
XXIA.—Agriculture	169,436	...	169,436	40,753	128,683	182,900	...
XXIB.—Scientific and Miscellaneous Departments	225,046	614	225,660	16,096	209,564	276,600	1,800
Total	2,093,957	845	2,094,802	188,699	1,906,103	2,155,300	2,100
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	179,641	37,506	217,147	126,213	90,934	186,500	43,700
XXIII.—Stationery and Printing	120,358	...	120,358	53,998	66,360	134,600	...
XXIV.—Exchange	4,834,412	...	4,834,412	4,834,412	...	...	...
XXV.—Miscellaneous	1,535,729	20,812	1,556,541	1,343,245	213,296	1,411,300	86,700
Total	6,670,140	58,318	6,728,458	6,357,868	370,590	1,732,400	130,400
Railways—							
XXVI.—State Railways (Gross Receipts)	50,817,400	20,595	50,837,995	50,829,892	8,103	52,883,300	48,600
Deduct—Working Expenses	*24,717,786*	...	*24,717,786*	*24,709,980*	*7,806*	*30,133,400*	...
Surplus profits paid to Companies, etc.	*1,264,237*	...	*1,264,237*	*1,264,237*	...	*1,371,200*	...
Net Receipts	24,835,377	20,595	24,855,972	24,855,675	297	21,328,700	48,600
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	11,923	94,344	106,267	106,267	...	11,900	218,100
Total	24,847,300	114,939	24,962,239	24,961,942	297	21,340,600	266,700
Irrigation—							
XXIX.—Major Works: Direct Receipts	3,139,418	...	3,139,418	1,353,909	1,785,509	3,546,700	...
Portion of Land Revenue due to Irrigation	1,904,477	...	1,904,477	1,034,237	870,240	2,000,700	...
XXX.—Minor Works and Navigation	302,612	...	302,612	106,970	195,642	296,200	...
Total	5,346,507	...	5,346,507	2,495,116	2,851,391	5,843,600	...
Other Public Works—							
XXXI.—Civil Works	347,649	...	347,649	53,991	293,658	363,500	...
Military Receipts—							
XXXII.—Army: Effective	1,494,286	231,740	1,726,026	1,726,026	...	1,041,500	255,000
Non-Effective	81,575	34,841	116,416	116,416	...	64,800	41,000
	1,575,861	266,581	1,842,442	1,842,442	...	1,106,300	296,000
XXXIII.—Marine	405,772	...	405,772	405,772	...	275,300	...
XXXIV.—Military Works	101,758	...	101,758	101,758	...	94,000	...
Total	2,083,391	266,581	2,349,972	2,349,972	...	1,475,600	296,000
Transfers between Imperial and Provincial Revenues	...	...	...	—2,269,168	+2,269,168	...	...
TOTAL REVENUE	120,028,748	3,228,996	123,257,744	86,937,722	36,320,022	126,152,800	3,097,800

India, in India and in England.

ESTIMATE, 1919-1920.				BUDGET ESTIMATE, 1920-1921.						
Total.	Distribution of Total between		Increase + Decrease — as compared with Budget Estimate, 1919-1920.	India.	England.	Total.	Distribution of Total between		Increase + Decrease — of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease — of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
22,057,400	10,796,900	11,260,500	—629,000	23,711,200	...	23,711,200	11,442,700	12,268,500	+ 1,024,800	+ 1,653,800
2,990,800	2,990,800	...	— 65,400	2,942,000	...	2,942,000	2,942,000	...	—114,200	— 48,800
3,800,700	3,800,700	...	—113,600	4,488,400	...	4,488,400	4,488,400	...	+574,100	+ 687,700
7,223,100	3,681,900	3,541,200	+ 1,126,000	7,507,500	...	7,507,500	3,828,100	3,679,400	+ 1,410,400	+ 284,400
12,718,900	3,641,400	9,077,500	+ 565,600	13,540,600	...	13,540,600	3,885,600	9,655,000	+ 1,387,300	+ 821,700
36,100	200	35,900	+ 1,500	37,400	...	37,400	200	37,200	+ 2,800	+ 1,300
14,919,500	14,919,500	...	+ 1,567,100	17,009,700	...	17,009,700	17,009,700	...	+ 3,657,300	+ 2,090,200
15,606,700	12,804,600	3,302,100	+ 2,051,800	11,330,400	...	11,330,400	7,491,200	3,839,200	— 2,224,500	— 4,276,300
3,619,800	153,600	3,466,200	+ 267,000	3,770,900	...	3,770,900	166,100	3,604,800	+ 418,100	+ 151,100
723,300	8,700	715,100	+155,600	745,200	...	745,200	8,600	736,600	+ 177,000	+ 21,400
626,000	626,000	...	+ 12,700	616,300	...	616,300	616,300	...	+ 3,000	— 9,700
84,322,800	52,924,300	31,398,500	+ 4,339,300	85,699,600	...	85,699,600	51,878,900	33,820,700	+6,316,100	+1,376,800
4,255,100	3,895,200	359,900	+ 617,700	1,823,600	2,392,000	3,715,600	3,321,800	393,800	+ 78,200	— 539,500
5,996,800	5,996,800	...	+ 280,000	6,151,700	32,500	6,184,200	6,184,200	...	+ 467,400	+187,400
1,669,700	1,669,700	...	+ 313,200	679,500	...	679,500	679,500	...	—677,000	—990,200
485,600	29,000	456,600	+ 49,300	464,700	...	464,700	22,700	442,000	+ 28,400	— 20,900
417,300	59,600	357,700	+ 3,700	398,700	...	398,700	59,400	339,300	—14,900	—18,600
170,600	12,800	157,800	+ 42,000	146,600	...	146,600	6,700	139,900	+ 18,000	—24,000
136,700	...	136,700	+ 11,200	150,700	...	150,700	...	150,700	+ 25,200	+ 14,000
325,800	8,000	317,800	+ 1,300	327,000	...	327,000	7,900	319,100	+ 2,500	+ 1,200
114,100	2,100	112,000	+ 9,300	115,400	300	115,700	2,000	113,700	+ 10,900	+ 1,600
46,000	16,300	29,700	+ 12,900	41,000	...	41,000	16,400	24,600	+ 7,900	— 5,000
182,800	29,300	153,600	+ 17,800	190,100	...	190,100	29,500	160,600	+ 25,000	+ 7,200
278,400	16,700	261,700	+ 52,400	250,400	1,300	251,700	30,900	220,800	+ 25,700	— 26,700
2,157,400	173,800	1,983,600	+ 199,900	2,084,600	1,600	2,086,200	175,500	1,910,700	+ 128,700	— 71,200
230,200	127,300	102,900	+ 6,300	190,400	43,700	234,100	132,000	102,100	+ 10,200	+ 3,900
134,600	58,300	76,300	+ 30,100	134,500	...	134,500	61,400	73,100	+ 30,000	— 100
...	...	...	—1,066,700	4,000,000	...	4,000,000	4,000,000	...	+ 2,933,300	+ 4,000,000
1,498,000	1,255,900	242,100	+ 335,700	1,767,000	141,200	1,908,200	1,032,300	875,900	+ 745,900	+ 410,200
1,862,800	1,441,500	421,300	—694,600	6,091,900	184,900	6,276,800	5,225,700	1,051,100	+ 3,719,400	+ 4,414,000
52,881,900	52,872,400	9,500	—500,000	56,000,000	48,600	56,048,600	56,038,600	10,000	+ 2,666,700	+ 3,166,700
30,133,400	*30,124,200*	*9,200*	+ 800,000	*33,373,300*	...	*33,373,300*	*33,363,000*	*10,300*	— 2,439,900	—3,239,900
1,371,200	*1,371,200*	...	—144,600	*1,066,700*	...	*1,066,700*	*1,066,700*	...	+ 159,900	+ 304,500
21,377,300	21,377,000	300	+ 155,400	21,560,000	48,600	21,608,600	21,608,900	—300	+ 386,700	+ 231,300
230,000	230,000	...	+ 79,000	11,100	155,000	166,100	166,100	...	+ 15,100	—63,900
21,607,300	21,607,000	300	+ 234,400	21,571,100	203,600	21,774,700	21,775,000	—300	+ 401,800	+ 167,400
3,546,700	1,511,400	2,035,300	+ 319,800	3,494,100	...	3,494,100	1,529,000	1,965,100	+ 267,200	— 52,600
2,000,700	1,082,500	918,200	+ 41,700	2,130,500	...	2,130,500	1,147,300	983,200	+ 171,500	+ 129,800
296,200	104,500	191,700	— 29,800	320,600	...	320,600	119,700	200,900	— 5,400	+ 24,400
5,843,600	2,698,400	3,145,200	+ 331,700	5,945,200	...	5,945,200	2,796,000	3,149,200	+ 433,300	+ 101,600
363,500	60,700	302,800	+ 40,500	371,300	...	371,300	60,600	310,700	+ 48,300	+ 7,800
1,296,500	1,296,500	...	+ 202,100	930,700	237,000	1,167,700	1,167,700	...	+ 73,300	—128,800
105,800	105,800	...	— 4,100	57,800	41,000	98,800	98,800	...	—11,100	— 7,000
1,402,300	1,402,300	...	+ 198,000	988,500	278,000	1,266,500	1,266,500	...	+ 62,200	—135,800
275,300	275,300	...	— 23,700	161,000	...	161,000	161,000	...	—138,000	—114,300
94,000	94,000	...	+ 10,000	92,000	...	92,000	92,000	...	+ 8,000	— 2,000
1,771,600	1,771,600	...	+ 184,300	1,241,500	278,000	1,519,500	1,519,500	...	— 67,800	—252,100
...	—1,826,300	+ 1,826,300	...	...	...	...	—1,150,500	+ 1,150,500	...	...
129,859,600	90,412,700	39,437,900	+ 6,446,400	131,160,000	3,092,600	134,252,600	92,466,200	41,786,400	+ 10,848,400	+ 4,402,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1918-1919.					REVISED	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	1,257,958	...	1,257,958	1,113,209	144,749	1,299,200	...
2.—Assignments and Compensations	1,229,578	...	1,229,578	507,512	722,066	1,326,400	...
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	4,102,960	1,373	4,104,333	280,623	3,823,710	4,265,700	3,600
4.—Opium (including cost of Production)	1,307,289	596	1,307,885	1,307,885	...	897,700	1,400
5.—Salt (including cost of Production)	550,910	2,190	553,100	553,100	...	560,800	2,800
6.—Stamps	66,673	153,248	219,921	137,931	81,990	83,500	176,000
7.—Excise	538,328	200	538,528	159,902	378,626	602,600	900
9.—Customs	303,052	120	303,172	303,172	...	307,500	400
10.—Income Tax	55,631	...	55,631	28,428	27,203	100,900	...
11.—Forest	1,925,034	1,877	1,926,911	119,934	1,806,977	2,123,900	8,700
12.—Registration	290,105	...	290,105	2,261	287,844	321,900	...
Total	11,627,518	159,604	11,787,122	4,513,957	7,273,165	11,890,100	193,800
Interest—							
13.—Interest on Debt	8,440,126	8,400,805	16,840,931	15,847,522	993,409	10,326,700	7,582,100
Deduct—Amounts chargeable to Railways†	*4,661,715*	*3,639,488*	*8,301,203*	*8,301,203*	...	*5,000,500*	*3,673,800*
„ Amounts chargeable to Irrigation	*1,414,808*	*124,596*	*1,539,404*	*795,182*	*744,222*	*1,435,000*	*125,000*
Remainder chargeable on Ordinary Debt	2,363,603	4,636,721	7,000,324	6,751,137	249,187	3,891,200	3,783,300
14.—Interest on other obligations	1,126,766	...	1,126,766	1,126,766	...	1,259,700	...
Total	3,490,369	4,636,721	8,127,090	7,877,903	249,187	5,150,900	3,783,300
15.—Posts and Telegraphs	3,748,639	226,315	3,974,954	3,974,954	...	4,175,700	549,600
17.—Mint	267,791	38,019	305,810	305,810	...	295,700	60,500
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,827,842	661,872	2,489,714	1,531,325	958,389	1,958,000	788,600
19.—Law and Justice { Courts	3,448,928	536	3,449,464	80,479	3,368,985	3,690,800	21,500
19.—Law and Justice { Jails	1,408,884	587	1,409,471	190,577	1,218,894	1,563,200	...
20.—Police	6,109,164	562	6,109,726	349,197	5,760,529	6,797,000	3,000
21.—Ports and Pilotage	221,474	60	221,534	60	221,474	309,100	500
22.—Education	3,959,080	15,446	3,974,526	141,734	3,832,792	4,507,500	15,600
23.—Ecclesiastical	136,685	107	136,792	136,792	...	134,100	600
24A.—Medical	1,101,695	7,842	1,109,537	97,859	1,011,678	1,316,700	27,100
24B.—Sanitation	629,627	625	630,252	88,361	541,891	849,500	4,500
25.—Political	2,632,467	21,402	2,653,869	2,464,394	189,475	2,079,300	68,800
26A.—Agriculture	819,128	3,974	823,102	88,854	734,248	955,800	3,200
26B.—Scientific and Miscellaneous Departments	649,357	30,874	680,231	301,015	379,216	731,200	42,700
Total	22,944,331	743,887	23,688,218	5,470,647	18,217,571	24,892,200	926,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	192,902	—7,678	185,224	185,224	...	192,500	17,000
28.—Civil Furlough and Absentee Allowances	3,501	137,408	140,909	140,909	...	5,000	600,000
29.—Superannuation Allowances and Pensions	1,585,833	1,939,367	3,525,200	2,070,287	1,454,913	1,651,600	2,063,000
30.—Stationery and Printing	1,008,236	101,500	1,109,736	562,280	547,456	1,049,500	166,100
32.—Miscellaneous	756,383	575,324	1,331,707	874,848	457,359	758,400	61,900
Total	3,546,855	2,745,921	6,292,776	3,833,048	2,459,728	3,657,000	2,907,900
Famine Relief and Insurance—							
33.—Famine Relief	307,767	...	307,767	231,257	76,510	867,400	...
34.—Construction of Protective Railways	—19	...	—19	—19	...	...	...
35.—Construction of Protective Irrigation Works	312,309	940	313,249	313,249	...	359,300	3,000
36.—Reduction or Avoidance of Debt	379,003	...	379,003	379,003	...	...	...
Total	999,060	940	1,000,000	923,490	76,510	1,226,700	3,000
Carried over	46,624,563	8,551,407	55,175,970	26,899,809	28,276,161	51,288,800	8,423,200

	ACCOUNTS, 1918-1919.			REVISED ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.
†Included under the following heads:—	£	£	£	£	£	£
State Railways—Interest on Debt	4,642,479	3,558,238	8,200,717	4,980,100	3,592,600	8,572,700
Ditto —Interest chargeable against Companies on Advances	19,236	81,250	100,486	20,400	81,200	101,600
Total	4,661,715	3,639,488	8,301,203	5,000,500	3,673,800	8,674,300

Revenues of India, in India and in England.

ESTIMATE, 1919-1920.			Increase + Decrease − as compared with Budget Estimate, 1919-1920.	BUDGET ESTIMATE, 1920-1921.					Increase + Decrease − of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease − of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
1,299,200	1,007,700	291,500	+606,000	971,500	...	971,500	742,700	228,800	+278,300	−327,700
1,326,400	606,700	719,700	+30,300	1,374,500	...	1,374,500	579,300	795,200	+78,400	+48,100
4,269,300	290,800	3,978,500	+117,000	4,897,600	1,600	4,899,200	293,600	4,605,600	+746,900	+629,900
899,100	899,100	...	−147,000	1,160,500	2,700	1,163,200	1,163,200	...	+117,100	+264,100
563,600	563,600	...	−41,100	767,400	1,600	769,000	769,000	...	+164,300	+205,400
258,500	163,900	94,600	+92,300	79,300	110,000	189,300	94,400	94,900	+23,100	−69,200
603,500	175,700	427,800	+32,800	725,500	500	726,000	178,500	547,500	+155,300	+122,500
307,900	307,900	...	−6,200	386,700	200	386,900	386,900	...	+72,800	+79,000
100,900	54,300	46,600	+5,700	133,600	...	133,600	69,900	63,700	+38,400	+32,700
2,132,600	156,900	1,975,700	+81,100	2,426,200	35,500	2,461,700	251,900	2,209,800	+410,200	+329,100
321,900	2,400	319,500	+18,700	335,200	...	335,200	2,400	332,800	+32,000	+13,300
12,082,900	4,229,000	7,853,900	+789,600	13,258,000	152,100	13,410,100	4,531,800	8,878,300	+2,116,800	+1,327,200
17,908,800	16,832,700	1,076,100	+1,168,900	10,433,300	7,239,400	17,672,700	16,570,200	1,102,500	+932,800	−236,100
8,674,300	*8,674,300*	...	−115,700	*5,481,300*	*3,756,900*	*9,238,200*	*9,238,200*	...	−679,600	−563,900
1,560,000	*808,800*	*751,200*	+3,700	*1,459,300*	*125,700*	*1,585,000*	*824,500*	*760,500*	−21,300	−25,000
7,674,500	7,349,600	324,900	+1,056,900	3,492,700	3,356,800	6,849,500	6,507,500	342,000	+231,900	−825,000
1,259,700	1,259,700	...	+113,500	1,343,000	...	1,343,000	1,343,000	...	+197,100	+83,300
8,934,200	8,609,300	324,900	+1,170,700	4,835,700	3,356,800	8,192,500	7,850,500	342,000	+429,000	−741,700
4,725,300	4,725,300	...	+145,100	4,890,000	1,183,500	6,073,500	6,073,500	...	+1,493,300	+1,348,200
356,200	356,200	...	+71,700	192,000	62,800	254,800	254,800	...	−29,700	−101,400
2,696,600	1,644,900	1,051,700	+345,300	2,059,700	742,700	2,802,400	1,702,100	1,100,300	+451,100	+105,800
3,712,300	105,900	3,606,400	+168,800	3,831,800	2,600	3,834,400	83,500	3,750,900	+290,900	+122,100
1,563,200	196,300	1,366,900	+316,100	1,457,100	...	1,457,100	199,100	1,258,000	+210,000	−106,100
6,800,000	457,100	6,342,900	+460,100	6,938,700	2,800	6,941,500	407,500	6,534,000	+601,600	+141,500
309,600	500	309,100	+90,000	262,000	300	262,300	300	262,000	+42,700	−47,300
4,523,100	155,900	4,367,200	−365,500	5,577,200	13,000	5,590,200	382,400	5,207,800	+701,600	+1,067,100
134,700	134,700	...	−11,700	147,300	400	147,700	147,700	...	+1,300	+13,000
1,342,800	130,300	1,213,500	−4,300	1,670,200	16,600	1,686,800	134,400	1,552,400	+338,700	+343,000
854,000	145,200	708,800	−140,200	1,338,100	2,000	1,340,100	225,600	1,114,500	+345,900	+486,100
2,148,100	1,954,900	193,200	+364,300	1,876,200	30,200	1,906,400	1,680,200	226,200	+122,600	−241,700
959,000	99,100	859,900	−58,600	1,296,700	10,200	1,306,900	147,900	1,159,000	+289,300	+347,900
773,900	451,700	322,200	+104,900	937,600	36,800	974,400	580,700	393,700	+305,400	+200,500
25,818,300	5,476,500	20,341,800	+1,269,200	27,392,600	857,600	28,250,200	5,691,400	22,558,800	+3,701,100	+2,431,900
209,500	209,500	...	+8,600	194,900	11,100	206,000	206,000	...	+5,100	−3,500
605,000	605,000	...	+302,700	3,200	1,100,000	1,103,200	1,103,200	...	+860,900	+498,200
3,714,600	2,203,200	1,511,400	+96,500	1,696,900	2,302,000	3,998,900	2,432,000	1,566,900	+380,800	+284,300
1,215,500	591,800	623,700	+225,900	981,000	134,500	1,115,500	488,500	627,000	+125,900	−100,000
820,300	395,900	424,400	−207,900	2,156,100	55,000	2,211,100	693,600	1,517,500	+1,182,900	+1,390,800
6,564,900	4,005,400	2,559,500	+425,800	5,032,100	3,602,600	8,634,700	4,923,300	3,711,400	+2,495,600	+2,069,800
867,400	651,800	215,600	−568,400	19,500	...	19,500	14,600	4,900	−1,416,300	−847,900
...	..	...	...	...	...	...	...	...	...	...
362,300	362,300	...	+9,000	341,200	18,800	360,000	360,000	...	+6,700	−2,300
...	....	...	...	620,500	...	620,500	620,500	...	+620,500	+620,500
1,229,700	1,014,100	215,600	−559,400	981,200	18,800	1,000,000	995,100	4,900	−789,100	−229,700
59,711,500	28,415,800	31,295,700	+3,312,700	56,581,600	9,234,200	65,815,800	30,320,400	35,495,400	+9,417,000	+6,104,300

BUDGET ESTIMATE, 1920-1921.		
India.	England.	Total.
£	£	£
5,460,000	3,675,700	9,135,700
21,300	81,200	102,500
5,481,300	3,756,900	9,238,200

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1918-1919. India.	England.	Total.	Distribution of Total between Imperial.	Provincial.	REVISED India.	England.
	£	£	£	£	£	£	£
Brought forward	46,624,563	8,551,407	55,175,970	26,899,809	28,276,161	51,288,300	8,423,200
Railways—							
38.—State Railways: Interest on Debt	4,642,479	3,558,238	8,200,717	8,200,717	...	4,980,100	3,592,600
Annuities in purchase of Railways	...	3,357,595	3,357,595	3,357,595	...	...	3,357,600
Sinking Funds	...	242,886	242,886	242,886	...	...	255,500
Interest chargeable against Companies on Advances	19,236	81,250	100,486	100,486	...	20,400	81,200
Interest on Capital deposited by Companies	50,078	2,126,597	2,176,675	2,176,675	...	54,100	2,118,000
40.—Subsidised Companies: Land, etc.	20,786	...	20,786	20,112	674	44,000	...
41.—Miscellaneous Railway Expenditure	294,997	...	294,997	294,959	38	86,700	...
Total	5,027,576	9,366,566	14,394,142	14,393,430	712	5,185,300	9,404,900
Irrigation—							
42.—Major Works; Working Expenses	1,423,080	...	1,423,080	689,440	733,640	1,517,500	...
Interest on Debt	1,414,808	124,596	1,539,404	795,182	744,222	1,435,000	125,000
43.—Minor Works and Navigation	984,345	...	984,345	310,623	673,722	1,143,700	...
Total	3,822,233	124,596	3,946,829	1,795,245	2,151,584	4,096,200	125,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	5,376	...	5,376	...	5,376	5,900	...
45.—Civil Works	5,609,705	36,790	5,646,495	839,437	4,807,058	6,716,800	134,600
Total	5,615,081	36,790	5,651,871	839,437	4,812,434	6,722,700	134,600
Military Services—							
46.—Army: Effective	36,828,187	2,414,118	39,242,305	39,242,305	...	45,179,300	4,078,900
Non-Effective	1,061,204	2,503,784	3,564,988	3,564,988	...	1,235,700	3,876,100
	37,889,391	4,917,902	42,807,293	42,807,293	...	46,415,000	7,955,000
46A.—Marine	544,835	582,811	1,127,646	1,127,646	...	417,000	855,000
47.—Military Works	2,845,848	49,423	2,895,271	2,895,271	...	2,977,100	169,200
Total	41,280,074	5,550,136	46,830,210 (a)	46,830,210	...	49,809,100	8,979,200
Total Expenditure, Imperial and Provincial	102,369,527	28,629,495	125,999,022	90,758,131	35,240,891	117,101,600	27,066,900
Add—Portion of Allotments to Provincial Governments not spent by them in the year	1,143,955	...	1,143,955	...	1,143,955	834,000	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*64,824*	...	*64,824*	...	*64,824*	*783,800*	...
Total Expenditure charged to Revenue	103,448,658	28,629,495	127,078,153	90,758,131	36,320,022	117,151,800	27,066,900

	ACCOUNTS, 1918-1919. India.	England.	Total.
Capital Expenditure not charged to Revenue—	£	£	£
48.—State Railways	4,225,357	632,142	4,857,499
49.—Irrigation Works	235,509	1,213	236,722
Total	4,460,866	633,355	5,094,221
51.—Initial Expenditure on new Capital at Delhi	284,455	1,338	285,793

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1919-1920.			Increase + Decrease − as compared with Budget Estimate, 1919-1920.	BUDGET ESTIMATE, 1920-1921.					Increase + Decrease − of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease − of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
59,711,500	28,415,800	31,295,700	+3,312,700	56,581,600	9,234,200	**65,815,800**	30,320,400	35,495,400	+9,417,000	+6,104,300
8,572,700	8,572,700	...	+117,500	5,460,000	3,675,700	**9,135,700**	9,135,700	...	+680,500	+563,000
3,357,600	3,357,600	...	...	...	3,357,600	**3,357,600**	3,357,600	...	...	...
255,500	255,500	...	...	...	270,400	**270,400**	270,400	...	+14,900	+14,900
101,600	101,600	...	−1,800	21,300	81,200	**102,500**	102,500	...	−900	+900
2,172,100	2,172,100	...	+5,600	56,900	2,153,500	**2,210,400**	2,210,400	...	+43,900	+38,800
44,000	43,300	700	...	34,500	...	**34,500**	33,400	1,100	−9,500	−9,500
86,700	86,600	100	...	80,100	93,000	**173,100**	173,000	100	+86,400	+86,400
14,590,200	14,589,400	800	+121,300	5,652,800	9,631,400	**15,284,200**	15,283,000	1,200	+815,300	+694,000
1,517,500	740,200	777,300	+99,400	1,470,200	...	**1,470,200**	718,000	752,200	+52,100	−47,300
1,560,000	808,800	751,200	−3,700	1,459,300	125,700	**1,585,000**	824,500	760,500	+21,300	+25,000
1,143,700	371,100	772,600	+54,400	1,326,200	...	**1,326,200**	410,700	915,500	+236,900	+182,500
4,221,200	1,920,100	2,301,100	+150,100	4,255,700	125,700	**4,381,400**	1,953,200	2,428,200	+310,300	+160,200
5,900	...	5,900	+800	4,000	...	**4,000**	...	4,000	−1,100	−1,900
6,851,400	1,067,200	5,784,200	−76,200	9,016,900	53,200	**9,070,100**	1,385,500	7,684,600	+2,142,500	+2,218,700
6,857,300	1,067,200	5,790,100	−75,400	9,020,900	53,200	**9,074,100**	1,385,500	7,688,600	+2,141,400	+2,216,800
49,258,200	49,258,200	...	+14,083,000	27,559,200	6,208,400	**33,767,600**	33,767,600	...	−1,407,600	−15,490,600
5,111,800	5,111,800	...	+557,300	1,940,400	3,397,100	**5,337,500**	5,337,500	...	+783,000	+225,700
54,370,000	54,370,000	...	+14,640,300	29,499,600	9,605,500	**39,105,100**	39,105,100	...	−624,600	−15,264,900
1,272,000	1,272,000	...	+40,400	495,200	493,900	**989,100**	989,100	...	−242,500	−282,900
3,146,300	3,146,300	...	+1,325,300	1,310,300	115,000	**1,425,300**	1,425,300	...	−395,700	−1,721,000
58,788,300(a)	58,788,300	...	+16,006,000	31,305,100	10,214,400	**41,519,500**(a)	41,519,500	...	−1,262,800	−17,268,800
144,168,500	104,780,800	39,387,700	+19,514,700	106,816,100	29,258,900	**136,075,000**	90,461,600	45,613,400	+11,421,200	−8,093,500
834,000	...	834,000	+834,000	...	...	...	...	...	...	−834,000
783,800	...	***783,800***	+1,134,400	***3,827,000***	...	***3,827,000***	...	***3,827,000***	−1,908,800	−3,043,200
144,218,700	104,780,800	39,437,900	+21,483,100	102,989,100	29,258,900	**132,248,000**	90,461,600	41,786,400	+9,512,400	−11,970,700

REVISED ESTIMATE, 1919-1920.			BUDGET ESTIMATE, 1920-1921.		
India.	England.	Total.	India.	England.	Total.
£	£	£	£	£	£
5,460,700	3,243,700	**8,704,400**	9,207,200	4,528,000	13,735,200
215,900	20,000	**235,900**	551,200	24,200	**575,400**
5,676,600	3,263,700	**8,940,300**	9,758,400	4,552,200	14,310,600
316,600	17,200	**333,800**	598,100	137,700	**735,800**

(a) Include £12,700,300 in the Accounts for 1918-19, £1,541,700 in the Revised Estimate for 1919-20 and £1,450,000 in the Budget for 1920-21 for further assistance from Indian revenues towards the cost of the military forces raised in India.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	120,028,748	3,228,996	123,257,744	126,152,800	3,697,800	129,850,600	131,160,000	3,092,600	134,252,600
Excess of Revenue over Expenditure charged to Revenue	...	...	**-3,820,409**			**-14,368,100**			**2,004,600**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways	...	...		-73,600	...	-73,600	...	...	...
Capital contributed by Indian States towards construction of State Railways	...	...		...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments	...	42,252	42,252	...	97,100	97,100	...	62,000	62,000
Net			**0**			**0**			**0**
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital	112,261	...	112,261	113,400	...	113,400	110,300	4,071,900	4,182,200
Net			**0**			**0**			**110,300**
Permanent Debt Incurred—									
Sterling Debt—									
British Government 5 per cent. War loan, 1929-47	...	...		...	...		...	...	
Rupee Debt—									
Rupee Loan	...	...		...	...		10,000,000	...	
5½ per cent. War Bonds 1925	2,796,602	...		8,500	...		...	...	
Do. Do. 1928	16,884,777	...		34,900	...		...	...	
5 per cent. War Loan 1929-47	1,813	...		1,000	...		...	...	
5 per cent. Loan 1945—55	....	...		14,188,700	...		...	...	
Total	19,683,192	...	19,683,192	14,233,100	...	14,233,100	10,000,000	...	10,000,000
Net			**0**			**4,763,700**			**9,178,400**
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	860	...		-100	...		...	...	
Do. do. 1922	158	...		300	...		...	...	
Do. do. 1921	16,868,391	...		-6,700	...		...	...	
Do. do. 1923	1,613,695	...		-24,000	...		...	...	
Treasury Bills	62,263,067	...		66,160,000	...		53,333,300	...	
Other Temporary Loans	11,338,147	...		12,333,300	...		...	...	
Total	92,084,318	...	92,084,318	78,462,800	...	78,462,800	53,333,300	...	53,333,300
Net			**19,572,725**			**0**			**0**
Unfunded Debt—									
Post Office Cash Certificates	2,108,248	...		593,300	...		1,333,300	...	
Deposits of Service Funds	87,773	125		87,700	...		86,700	...	
Savings Bank Deposits	13,663,244	...		13,879,300	...		14,796,200	...	
Total	15,859,265	125	15,859,390	14,560,300	...	14,560,300	16,216,200	...	16,216,200
Net			**4,326,394**			**880,100**			**2,125,500**
Deposits and Advances—									
Balances of Provincial Allotments	1,143,955	...		834,000	...		...	...	
Appropriation for Reduction or Avoidance of Debt	379,003	...		...	...		620,500	...	
Deposits of Local Funds—									
District Funds	6,438,195	...		6,774,300	...		6,588,900	...	
Other Funds	1,321,153	...		1,338,200	...		1,476,200	...	
Deposits of Sinking Funds	17,826	...		18,500	...		19,200	...	
Gold Standard Reserve	269,986	32,426,974		...	24,248,000		...	45,376,300	
Paper Currency Reserve	...	115,588,459		...	152,325,000		...	164,131,200	
Consols Depreciation Fund	...	763,744		...	311,100		...	1,214,100	
Depreciation Fund for Rupee Loans	273,333	...		486,700	...		686,700	...	
Special Reserve	...	22,798,331		...	12,056,900		...	...	
Deposit Account with the United States of America.	34,680,000	...		7,066,800	...		...	...	
Appropriation for meeting deficiency in Paper Currency Reserve	...	...		3,000,000	...		8,000,000	...	
Sales of Telegraphic Transfers against gold received in India	...	...		1,993,200	...		...	...	
Departmental and Judicial Deposits	42,978,792	...		58,006,500	...		49,438,500	...	
Advances	12,640,857	2,252,189		14,221,800	1,878,500		10,576,400	373,500	
Suspense Accounts	410,239	...		1,062,500	...		9,693,200	...	
Miscellaneous	324,696	1,210,076		540,200	2,464,100		766,900	2,208,900	
Total	100,878,035	175,036,773	275,914,808	95,337,700	193,783,600	289,121,300	87,866,500	213,304,000	301,170,500
Net			**0**			**12,198,600**			**10,232,000**
Carried over	348,595,819	178,308,146		328,786,500	197,578,500		298,686,300	220,530,500	

Government of India, in India and in England.

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	102,369,527	23,629,495	125,999,022	117,101,600	27,066,900	144,168,500	103,816,100	29,258,900	136,075,000
Add—Provincial Surpluses transferred to "Deposits"	1,143,955	...	1,143,955	834,000	...	834,000	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	*64,824*	...	*64,824*	*783,800*	...	*783,800*	*3,827,000*	...	*3,827,000*
Total	103,448,658	23,629,495	127,078,153	117,151,800	27,066,900	144,218,700	102,989,100	29,258,900	132,248,000
Railway, Irrigation, and other Capital not charged to Revenue—									
Outlay on Irrigation Works	235,509	1,213	236,722	215,900	20,000	235,900	551,200	24,200	575,400
Outlay on State Railways	4,225,857	632,642	4,857,499	5,460,700	3,243,700	8,704,400	9,207,200	4,528,000	13,735,200
Initial expenditure on new Capital at Delhi:	284,455	1,338	285,793	316,600	17,200	333,800	598,100	137,700	735,800
Outlay of Railway Companies—									
Payments for Capital Outlay	—1,122,725	582,295	—540,430	—1,990,000	3,764,400	1,774,400	—3,422,800	4,534,000	1,111,200
Net			—582,682			1,677,300			1,949,200
Raised and deposited by Railway Companies—									
Payments for Discharge of Debentures	...	1,531,900	1,531,900	...	453,000	453,000	...	4,071,900	4,071,900
Net			1,419,639			339,600			0
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	33,415,000		...	8,796,000		...	...	
India Bonds	...	500,000		...	...		...	...	
India 4 p. c. Stock	...	...		...	...		...	...	
Rupee Debt—									
5½ p. c. War Bonds 1925	...	...		11,600	...		...	...	
Do. Do. 1928	...	...		67,500	...		...	...	
5 p. c. War Loan, 1929-47	135,207	...		506,700	...		293,800	...	
5 p. c. Loan 1945-55	...	...		...	...		440,000	...	
4 p. c. Loans	83,780	...		80,000	...		80,000	...	
3½ p. c. Loans	77,258	...		1,000	...		1,600	...	
3 p. c. Loan	12,640	...		6,600	...		6,700	...	
Provincial debentures	—7	...		...	...		...	...	
Total	308,878	33,915,000	34,223,878	673,400	8,796,000	9,469,400	821,600	...	821,600
Net			14,590,686			0			0
Temporary Debt Discharged—									
5½ p. c. War Bonds, 1920	2,647	...		408,300	...		12,786,800	...	
Do. Do. 1922	22,733	...		392,700	...		...	...	
Do. Do. 1921	...	...		342,700	...		...	...	
Do. Do. 1923	...	...		154,700	...		...	...	
Treasury Bills	58,481,400	...		65,986,700	...		53,333,300	...	
Other Temporary Loans	14,004,813	...		12,333,300	...		...	...	
Total	72,511,593	...	72,511,593	79,618,400	...	79,618,400	66,120,100	...	66,120,100
Net			0			1,155,600			12,786,900
Unfunded Debt—									
Post Office Cash Certificates	2,567,776	...		2,106,700	...		2,000,000	...	
Special Loans	4,167	...		500	...		300	...	
Deposits of Service Funds	100,724	...		100,200	...		101,800	...	
Savings Bank Deposits	8,860,329	...		11,472,800	...		11,988,700	...	
Total	11,532,996	...	11,532,996	13,680,200	...	13,680,200	14,090,700	...	14,090,700
Net			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	64,824	...		783,800	...		3,827,000	...	
Deposits of Local Funds—									
District Funds	6,035,841	...		6,807,300	...		6,469,100	...	
Other Funds	1,339,728	...		1,365,700	...		1,456,200	...	
Gold Standard Reserve	...	32,413,801		...	30,263,300		...	45,376,300	
Paper Currency Reserve	...	115,583,459		...	153,825,000		...	164,131,200	
Consols Depreciation Fund	...	755,548		...	319,300		...	1,314,100	
Depreciation Fund for Rupee Loans	109,609	...		457,200	...		700,000	...	
Special Reserve	...	9,737,634		...	5,117,300		...	...	
Deposit account with the United States of America	36,762,902	...		2,450,800	...		...	...	
Appropriation for meeting deficiency in Paper Currency Reserve	...	...		...	...		6,000,000	...	
Sales of Telegraphic Transfers against gold received in India	...	...		1,993,200			...	...	
Departmental and Judicial Deposits	41,448,412	...		55,953,900	...		48,318,000	...	
Advances	12,973,536	3,241,920		14,163,400	3,262,200		10,463,300	1,745,400	
Suspense Accounts	20,239,222	...		221,100	...		9,400	...	
Miscellaneous	25,515	595,772		26,700	912,500		26,700	1,201,800	
Total	118,999,589	162,328,134	281,327,723	84,223,100	192,699,600	276,922,700	77,269,700	213,668,800	290,938,500
Net			5,412,915			0			0
Carried over	310,424,310	222,621,517		299,350,100	236,060,800		268,224,900	256,223,500	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	348,595,819	178,308,146		328,786,500	197,578,500		298,686,800	220,530,500	
Loans and Advances by Imperial Government	905,968	...	905,968	222,200	...	222,200	206,900	...	206,900
Net			0			84,400			0
Loans and Advances by Provincial Governments	948,437	...	948,437	2,272,700	...	2,272,700	2,186,000	...	2,186,000
Net			0			0			688,900
Loans to Local Boards for Railway Construction	17,290	...	17,290	9,100	...	9,100	9,400	...	9,400
Net			17,290			9,100			9,400
Remittances—									
Inland Money Orders	53,336,850	...		56,933,300	...		60,000,000	...	
Other Local Remittances	...	...		11,402,400	...		5,821,300	...	
Other Departmental Accounts	403	...		1,500	...		4,800	...	
Net Receipts by Civil Treasuries from—									
Posts and Telegraphs	...	...		...	...		1,144,400	...	
Railways	20,682,792	...		20,896,300	...		22,895,900	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs	4,555,361	...		1,032,900	...		...	...	
Marine	4,598,725	...		1,811,600	...		986,300	...	
Military Works	4,422,593	...		3,799,500	...		786,500	...	
Military	105,387,446	...		98,874,500	...		47,949,600	...	
Remittance Account between England and India—									
Transfers through Currency	...	...		...	13,114,500		...	...	
Purchase of Gold	...	...		32,068,400	...		...	...	
Purchase of Silver	39,429,894	...		13,493,200	...		...	...	
War Office transactions	66,340,010	92,252,827		3,450,000	64,462,000		300,000	35,300,000	
Railway transactions	921,482	23,249		6,194,500	10,000		9,236,900	507,000	
Other „	17,494,024	16,048,413		11,156,000	6,759,400		6,322,900	4,212,400	
Total	317,169,530	108,324,489	425,494,019	261,114,100	84,345,900	345,460,000	154,948,600	40,019,400	194,968,000
Net			8,963,834			0			1,756,800
Secretary of State's Bills drawn	...	(a) 6,599,945	6,599,945	...	31,226,200	31,226,200	...	8,375,000	8,375,000
Sterling Transfers on London drawn	5,315,000	...	5,315,000	24,544,000	...	24,544,000	...	...	...
Total Receipts	672,952,044	293,232,580		616,948,600	313,150,600		456,037,200	268,924,900	
Opening Balance	15,325,177	(b) 16,625,416		17,300,258	(c) 14,715,827		13,929,858	(d) 7,507,927	
GRAND TOTAL	688,277,221	309,857,996		634,248,858	327,866,427		469,967,058	276,432,827	

(a) In addition to £14,346,369 on account of the Paper Currency Reserve.
(c) Of this amount £6,015,672 represents the funds of the Gold Standard Reserve.

Delhi,
Finance Department,
March 1, 1920.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England—*continued.*

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	310,424,310	222,621,517		299,350,100	236,060,800		268,224,900	256,223,500	
Loans and Advances by Imperial Government	941,438	...	941,438	137,800	...	137,800	622,000	...	622,000
Net			35,470			0			415,100
Loans and Advances by Provincial Governments	2,273,613	...	2,273,613	3,245,000	...	3,245,000	1,497,100	...	1,497,100
Net			1,325,176			972,300			0
Loans to Local Boards for Railway Construction.	...	...	...	...	...	...	...	...	...
Net			0			0			0
Remittances—									
Inland Money Orders	53,314,509	...		56,866,700	...		60,000,000	...	
Other Local Remittances	165,289	...		11,340,000	...		5,821,300	...	
Other Departmental Accounts	53,482	...		1,500	...		4,800	...	
Net Payments into Civil Treasuries by—									
Posts and Telegraphs	...	...		...	...		1,144,400	...	
Railways	20,677,506	...		20,789,700	...		22,395,900	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs	4,560,902	...		1,032,900	...		...	...	
Marine	4,909,542	...		1,811,600	...		986,300	...	
Military Works	4,441,380	...		3,799,500	...		786,500	...	
Military	107,874,574	...		98,874,500	...		47,949,600	...	
Remittance Account between England and India—									
Transfers through Currency	...	...		13,114,500	...		...	...	
Purchase of Gold	...	...		...	32,068,400		...	...	
Purchase of Silver	11	43,686,665		...	6,900,000		...	...	
War Office transactions	134,786,159	9,373,200		70,116,000	3,450,000		35,300,000	300,000	
Railway transactions	939	943,742		...	6,204,500		...	9,743,900	
Other "	18,360,240	13,382,045		8,613,000	10,950,800		4,780,500	3,998,000	
Total	349,144,533	67,385,652	416,530,185	286,359,900	59,573,700	345,933,600	179,169,300	14,041,900	193,211,200
Net			0			473,600			0
Secretary of State's Bills paid	(a) 8,193,069	...	8,193,069	31,226,200	...	31,226,200	8,375,000	...	8,375,000
Sterling Transfers on London paid	...	5,135,000	5,135,000	...	24,724,000	24,724,000	...	...	...
Total Disbursements	670,976,963	295,142,169		620,319,000	320,358,500		457,888,300	270,265,400	
Closing Balance	17,300,258	(c) 14,715,627		13,929,858	(d) 7,507,927		12,078,758	(d) 6,167,427	
GRAND TOTAL	688,277,221	309,857,996		634,248,858	327,866,427		469,967,058	276,432,827	

(b) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.
(d) Of this amount £372 represents the funds of the Gold Standard Reserve.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1918-19.	Revised, 1919-20.	Budget, 1920-21.
Madras—	R	R	R
Balance on April 1st	2,01,08,437	2,10,28,000	1,95,10,000
Special grants from Imperial revenues	40,50,000	38,35,000	35,00,000
Other revenue	8,34,14,929	9,20,15,000	9,40,87,000
Total Revenue including transfers from Imperial revenues	8,74,64,929	9,58,50,000	9,75,87,000
Total Expenditure	8,65,44,808	9,73,68,000	10,91,19,000
Closing Balance	2,10,28,558	1,95,10,000	79,78,000
Bombay—			
Balance on April 1st	3,91,96,308	4,40,70,000	4,94,58,000
Special grants from Imperial revenues	32,18,840	33,68,000	27,31,000
Other revenue	9,71,61,360	11,04,52,000	11,44,14,000
Total Revenue including transfers from Imperial revenues	10,03,80,200	11,38,20,000	11,71,45,000
Total Expenditure	9,55,06,613	10,84,32,000	12,64,34,000
Closing Balance	4,40,69,895	4,94,58,000	4,01,69,000
Bengal—			
Balance on April 1st	3,67,64,678	3,72,00,000	4,12,07,000
Special grants from Imperial revenues	51,48,900	50,54,000	48,79,000
Other revenue	6,87,52,020	7,80,71,000	7,90,95,000
Total Revenue including transfers from Imperial revenues	7,39,00,920	8,31,25,000	8,39,74,000
Total Expenditure	7,34,65,048	7,91,18,000	9,03,39,000
Closing Balance	3,72,00,545	4,12,07,000	3,48,42,000
United Provinces—			
Balance on April 1st	2,45,23,646	2,52,56,000	2,11,89,000
Special grants from Imperial revenues	39,61,500	36,01,000	29,72,000
Other revenue	7,20,35,771	7,78,76,000	8,19,14,000
Total Revenue including transfers from Imperial revenues	7,59,97,271	8,14,77,000	8,48,86,000
Total Expenditure	7,52,65,034	8,55,44,000	9,84,41,000
Closing Balance	2,52,55,883	2,11,89,000	76,34,000
Punjab—			
Balance on April 1st	1,94,51,581	2,30,95,000	2,54,25,000
Special grants from Imperial revenues	23,99,400	22,14,000	17,56,000
Other revenue	5,49,76,700	6,27,78,000	6,43,79,000
Total Revenue including transfers from Imperial revenues	5,73,76,100	6,49,92,000	6,61,35,000
Total Expenditure	5,37,32,536	6,26,62,000	7,32,04,000
Closing Balance	2,30,95,145	2,54,25,000	1,83,56,000
Burma—			
Balance on April 1st	95,11,552	1,31,99,000	93,41,000
Special grants from Imperial revenues	18,93,800	17,94,000	14,44,000
Other revenue	6,29,61,827	5,95,13,000	8,23,14,000
Total Revenue including transfers from Imperial revenues	6,48,55,627	6,13,07,000	8,37,58,000
Total Expenditure	6,11,68,682	6,51,65,000	8,47,97,000
Closing Balance	1,31,98,497	93,41,000	83,02,000
Bihar and Orissa—			
Balance on April 1st	1,41,05,734	1,52,92,000	1,35,09,000
Special grants from Imperial revenues	25,54,685	25,70,000	22,61,000
Other revenue	3,25,71,767	3,33,52,000	3,42,34,000
Total Revenue including transfers from Imperial revenues	3,51,26,652	3,59,22,000	3,64,95,000
Total Expenditure	3,39,40,722	3,77,05,000	4,20,27,000
Closing Balance	1,52,91,664	1,35,09,000	79,77,000
Central Provinces—			
Balance on April 1st	1,36,77,576	1,27,05,000	1,21,75,000
Special grants from Imperial revenues	14,72,000	13,42,000	12,39,000
Other revenue	2,97,83,008	3,52,87,000	3,72,53,000
Total Revenue including transfers from Imperial revenues	3,12,55,008	3,66,29,000	3,84,92,000
Total Expenditure	3,22,27,362	3,71,59,000	4,03,66,000
Closing Balance	1,27,05,222	1,21,75,000	1,03,01,000
Assam—			
Balance on April 1st	27,31,534	44,13,000	51,98,000
Special grants from Imperial revenues	6,77,500	6,78,000	6,58,000
Other revenue	1,77,66,123	1,77,69,000	1,76,66,000
Total Revenue including transfers from Imperial revenues	1,84,43,623	1,84,47,000	1,83,24,000
Total Expenditure	1,67,62,557	1,76,62,000	1,94,74,000
Closing Balance	44,12,600	51,98,000	40,48,000
Total—			
Balance on April 1st	18,00,71,041	19,62,58,000	19,70,12,000
Special grants from Imperial revenues	2,53,76,825	2,44,56,000	2,14,40,000
Other revenue	51,94,23,505	56,71,13,000	60,53,56,000
Total Revenue including transfers from Imperial revenues	54,48,00,330	59,15,69,000	62,67,96,000
Total Expenditure	52,86,13,362	59,08,15,000	68,42,01,000
Closing Balance	19,62,58,009	19,70,12,000	13,96,07,000
Total (in sterling)—	£	£	£
Balance on April 1st	12,004,736	13,083,900	13,134,100
Special grants from Imperial revenues	1,691,788	1,630,400	1,429,300
Other revenue	34,628,284	37,807,500	40,357,100
Total Revenue including transfers from Imperial revenues	36,320,022	39,437,900	41,786,400
Total Expenditure	35,240,891	39,387,700	45,613,400
Closing Balance	13,083,867	13,134,100	9,307,100

M. F. GAUNTLETT, *Comptroller and Auditor General.*

W. ALDER, *Offg. Controller of Currency.*

E. M. COOK, *Offg. Secy. to the Govt. of India.*

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.	ACCOUNTS, 1918-1919.					REVISED ESTIMATE, 1919-1920.		BUDGET ESTIMATE, 1920-1921.	
		EXPENDITURE.							
	Revenue.	Refunds and Assignments.	Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue — Land Revenue (excluding that due to Irrigation)	21,089,944	793,092	4,104,333	16,192,519		16,996,100		18,021,900	
Opium	3,289,111	3,602	1,307,885	1,977,624		2,088,000		1,775,200	
Salt	4,277,989	646,890	553,100	3,077,999		2,883,000		3,431,900	
Stamps	6,018,976	63,459	219,921	5,735,596		6,883,300		7,244,600	
Excise	11,557,518	135,994	538,528	10,882,996		11,931,800		12,612,100	
Provincial Rates	28,012	192	...	27,820		36,000		37,300	
Customs	12,120,641	540,810	303,172	11,276,659		13,936,400		16,139,800	
Income Tax	7,758,462	84,197	55,631	7,618,634		15,193,700		10,911,700	
Forest	3,121,255	11,291	1,926,911	1,183,053		1,466,400		1,297,100	
Registration	572,652	986	290,105	281,561		400,600		408,700	
Tributes	594,354	207,023	...	387,331		418,600		409,200	
TOTAL	70,428,914	2,487,536	9,299,586	58,641,792		72,239,900		72,289,500	
Total deduction from Revenue		11,787,122							
Expenditure Heads.									
Debt Services — Interest	3,829,422	8,127,090			4,297,668		4,679,100		4,476,900
Commercial Services — Posts and Telegraphs	5,342,967	3,974,954		1,368,013		1,271,500		110,700	
Commercial Services — Railways	24,962,239	14,394,142		10,568,097		7,017,100		6,490,500	
Commercial Services — Irrigation	5,346,507	3,946,829		1,399,678		1,622,400		1,563,800	
Other Public Works — Civil Works, etc.	347,649	5,651,871			5,304,222		6,493,800		8,702,800
Mint — Mint	1,826,814	305,810		1,521,004		1,313,500		424,700	
Civil Departments — Civil Departments	2,094,802	23,688,218			21,593,416		23,660,900		26,164,000
Miscellaneous Civil Services — Superannuation	217,147	3,525,200			3,308,053		3,484,400		3,764,800
Miscellaneous Civil Services — Exchange	4,834,412	...		4,834,412				4,000,000	
Miscellaneous Civil Services — Miscellaneous	1,556,541	1,331,707		224,834		677,700			302,900
Miscellaneous Civil Services — Other heads	120,358	1,435,869			1,315,511		1,895,400		2,290,200
Famine Relief and Insurance — Famine Relief	...	307,767			307,767		867,400		19,500
Famine Relief and Insurance — Other heads	...	692,233			692,233		362,800		980,500
Military Services — Army — Effective	1,726,026	39,242,305			37,516,279		47,961,700		32,599,900
Military Services — Army — Non-effective	116,416	3,564,988			3,448,572		5,006,000		5,238,700
Military Services — Marine	405,772	1,127,646			721,874		996,700		828,100
Military Services — Military works	101,758	2,895,271			2,793,513		3,052,300		1,333,300
TOTAL	123,257,744	125,999,022			2,741,278		14,317,900		1,822,400
Provincial Adjustment — Surplus	...	1,079,131			1,079,131		50,200		
Provincial Adjustment — Deficit	...	...						3,827,000	
TOTAL	123,257,744	127,078,153			3,820,409		14,368,100	2,004,600	
Surplus								2,004,600	
Deficit					3,820,409		14,368,100		
Railway, Irrigation and other Capital not charged to Revenue:— Capital raised through Companies towards outlay on State Railways						—73,600			
Capital contributed by Indian States towards construction of State Railways									
Capital raised and deposited by Railway Companies (net)					1,419,639		339,600	110,300	
Outlay on Irrigation Works					236,722		235,900		575,400
Outlay on State Railways					4,857,499		8,704,400		13,735,200
Initial outlay on new Capital at Delhi					285,798		333,800		735,800
Outlay of Railway Companies (net)					—582,682		1,677,300		1,049,200
Debt, Deposits, Advances and Remittances — Permanent Debt (net)					14,590,686	4,763,700		9,178,400	
Temporary Debt (net)				19,572,725			1,155,600		12,786,800
Unfunded Debt (net)				4,326,394		880,100		2,125,500	
Loans and Advances by Imperial Government (net)					35,470	84,400			415,100
Loans and Advances by Provincial Governments (net)					1,325,176		972,300	688,900	
Loans to Local Boards for Railway Construction (net)				17,290		9,100		9,400	
Deposits and Advances (net)					5,412,915	12,198,600		10,232,000	
Remittances (net)				8,963,834			473,600	1,756,800	
Secretary of State's Bills drawn				6,599,945		31,226,200		8,375,000	
Secretary of State's Bills paid					8,193,069		31,226,200		8,375,000
Sterling Transfers on London drawn				5,315,000		24,544,000			
Sterling Transfers on London paid					5,135,000		24,724,000		
				44,795,188	44,729,696	73,632,500	84,210,800	34,480,900	37,672,500
Cash Balance — Opening Balance				31,950,593		32,016,085		21,437,785	
Cash Balance — Closing Balance					32,016,085		21,437,785		18,246,185
TOTAL				76,745,781	76,745,781	105,648,585	105,648,585	55,918,685	55,918,685

M. F. GAUNTLETT,
Comptroller and Auditor General.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

APPENDIX I.

(*Referred to in paragraph 18 of the Narrative.*)

Abstract of the Budget Estimate of the Revenue and Expenditure charged to Revenue, of the Government of India, in India and in England, for the year 1920-21, on the basis of 2s. per rupee.

REVENUE.	£=Rx.	EXPENDITURE.	£=Rx.
Principal Heads of Revenue—		Direct Demands on the Revenues	20,039,100
Land Revenue	35,566,800	Interest	10,610,400
Opium	4,413,000	Posts and Telegraphs	8,518,500
Salt	6,732,600	Mint	350,800
Stamps	11,261,200	Salaries and Expenses of Civil Departments	41,946,500
Excise	20,311,000	Miscellaneous Civil Charges	11,150,800
Customs	25,514,500	Famine Relief and Insurance	1,500,000
Income Tax	16,995,700	Railways : Interest and Miscellaneous Charges	18,110,500
Other Heads	7,754,600	Irrigation	6,509,200
TOTAL PRINCIPAL HEADS	128,549,400	Other Public Works	13,584,600
Interest	4,377,400	Military Services	57,172,000
Posts and Telegraphs	9,260,000	Appropriation from Revenue for meeting deficiency in Paper Currency Reserve.	7,073,800
Mint	1,019,300	TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL.	196,566,200
Receipts by Civil Departments	3,128,500		
Miscellaneous	3,322,800	*Add*—Provincial Surpluses : that is, portion of allotments to Provincial Governments not spent by them in the year	...
Railways : Net Receipts	32,560,300	*Deduct*—Provincial Deficits : that is, portion of Provincial Expenditure defrayed from Provincial Balances	*5,740,500*
Irrigation	8,917,800		
Other Public Works	556,900	TOTAL EXPENDITURE CHARGED TO REVENUE	190,825,700
Military Receipts	2,140,200	SURPLUS	3,006,900
TOTAL REVENUE	193,832,600	TOTAL	193,832,600

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

E. M. COOK,
Offg. Secretary to the Government of India.

Budget estimate of the Revenue of India, in India and in England, for the year 1920-21, on the basis of 2s: per rupee.

HEADS OF REVENUE.	India.	England.	Total.	Distribution of total between	
				Imperial.	Provincial.
	£=Rx.	£=Rx.	£=Rx.	£=Rx.	£=Rx.
Principal Heads of Revenue—					
I.—Land Revenue	35,566,800	...	35,566,800	17,164,100	18,402,700
II.—Opium	4,413,000	...	4,413,000	4,413,000	...
III.—Salt	6,732,600	...	6,732,600	6,732,600	...
IV.—Stamps	11,261,200	...	11,261,200	5,742,100	5,519,100
V.—Excise	20,311,000	...	20,311,000	5,828,500	14,482,500
VI.—Provincial Rates	56,000	...	56,000	200	55,800
VII.—Customs	25,514,500	...	25,514,500	25,514,500	...
VIII.—Income Tax	16,995,700	...	16,995,700	11,236,900	5,758,800
IX.—Forest	5,656,300	...	5,656,300	249,100	5,407,200
X.—Registration	1,117,900	...	1,117,900	12,900	1,105,000
XI.—Tributes from Indian States	924,400	...	924,400	924,400	...
TOTAL	128,549,400	...	128,549,400	77,818,300	50,731,100
XII.—Interest	1,985,400	2,392,000	4,377,400	3,786,700	590,700
XIII.—Posts and Telegraphs	9,227,500	32,500	9,260,000	9,260,000	...
XV.—Mint	1,019,300	...	1,019,300	1,019,300	...
Receipts by Civil Departments—					
XVI.—Law and Justice { Courts	697,000	...	697,000	34,000	663,000
XVI.—Law and Justice { Jails	598,000	...	598,000	89,100	508,900
XVII.—Police	220,000	...	220,000	10,100	209,900
XVIII.—Ports and Pilotage	226,000	...	226,000	...	226,000
XIX.—Education	490,500	...	490,500	11,800	478,700
XXA.—Medical	173,100	300	173,400	2,800	170,600
XXB.—Sanitation	61,600	...	61,600	24,700	36,900
XXIA.—Agriculture	285,100	...	285,100	44,200	240,900
XXIB.—Scientific and Miscellaneous Departments	375,600	1,300	376,900	45,700	331,200
TOTAL	3,126,900	1,600	3,128,500	262,400	2,866,100
Miscellaneous—					
XXII.—Receipts in aid of Superannuation, etc.	285,600	43,700	329,300	176,200	153,100
XXIII.—Stationery and Printing	201,800	...	201,800	92,200	109,600
XXIV.—Exchange	...	...	...	...	...
XXV.—Miscellaneous	2,650,500	141,200	2,791,700	1,477,800	1,313,900
TOTAL	3,137,900	184,900	3,322,800	1,746,200	1,576,600
Railways—					
XXVI.—State Railways (Gross Receipts)	84,000,000	48,600	84,048,600	84,033,600	15,000
Deduct—Working Expenses	*50,060,000*	...	*50,060,000*	*50,044,500*	*15,500*
Surplus profits paid to Companies, etc.	*1,600,000*	..	*1,600,000*	*1,600,000*	...
Net Receipts	32,340,000	48,600	32,388,600	32,389,100	—500
XXVII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	16,700	155,000	171,700	171,700	...
TOTAL	32,356,700	203,600	32,560,300	32,560,800	—500
Irrigation—					
XXIX.—Major Works: Direct Receipts	5,241,200	...	5,241,200	2,293,500	2,947,700
Portion of Land Revenue due to Irrigation	3,195,800	...	3,195,800	1,721,000	1,474,800
XXX.—Minor Works and Navigation	480,800	...	480,800	179,500	301,300
TOTAL	8,917,800	...	8,917,800	4,194,000	4,723,800
Other Public Works—					
XXXI.—Civil Works	556,900	...	556,900	90,800	466,100
Military Receipts—					
XXXII.—Army: Effective	1,396,100	237,000	1,633,100	1,633,100	...
Non-Effective	86,600	41,000	127,600	127,600	...
	1,482,700	278,000	1,760,700	1,760,700	...
XXXIII.—Marine	241,500	...	241,500	241,500	...
XXXIV.—Military Works	138,000	...	138,000	138,000	...
TOTAL	1,862,200	278,000	2,140,200	2,140,200	...
Transfers between Imperial and Provincial Revenues	...	...	...	—1,725,700	+1,725,700
TOTAL REVENUE	190,740,000	3,092,600	193,832,600	131,153,000	62,679,600

Budget estimate of the Expenditure charged to the Revenues of India, in India and in England, for the year 1920-21 on the basis of 2s. per rupee.

HEADS OF EXPENDITURE.	India.	England.	Total.	Distribution of total between	
				Imperial.	Provincial.
	£=Rx.	£=Rx.	£=Rx.	£=Rx.	£=Rx.
Direct Demands on the Revenues—					
1.—Refunds and Drawbacks	1,457,300	...	1,457,300	1,114,000	343,300
2.—Assignments and Compensations	2,061,800	...	2,061,800	869,000	1,192,800
Charges in respect of Collection, *viz.*:—					
3.—Land Revenue	7,346,500	1,600	7,348,100	439,700	6,908,400
4.—Opium (including cost of Production)	1,740,800	2,700	1,743,500	1,743,500	...
5.—Salt (including cost of Production)	1,151,000	1,600	1,152,600	1,152,600	...
6.—Stamps	118,900	110,000	228,900	86,600	142,300
7.—Excise	1,088,300	500	1,088,800	267,500	821,300
9.—Customs	580,000	200	580,200	580,200	...
10.—Income Tax	200,400	...	200,400	104,900	95,500
11. Forest	3,639,300	35,500	3,674,800	360,200	3,314,600
12.—Registration	502,700	...	502,700	3,500	499,200
TOTAL	19,887,000	152,100	20,039,100	6,721,700	13,317,400
Interest—					
13.—Interest on Debt	15,650,000	7,239,400	22,889,400	21,235,600	1,653,800
Deduct—Amounts chargeable to Railways†	*8,222,000*	*3,756,900*	*11,978,900*	*11,978,900*	...
„ Amounts chargeable to Irrigation	*2,188,900*	*125,700*	*2,314.600*	*1,173,900*	*1,140,700*
Remainder chargeable on Ordinary Debt	5,239,100	3,356,800	8,595,900	8,082,800	513,100
14.—Interest on other obligations	2,014,500	...	2,014,500	2,014,500	...
TOTAL	7,253,600	3,356,800	10,610,400	10,097,300	513,100
15.—Posts and Telegraphs	7,335,000	1,183,500	8,518,500	8,518,500	...
17.—Mint	288,000	62,800	350,800	350,800	...
Salaries and Expenses of Civil Departments—					
18.—General Administration	3,089,500	742,700	3,832,200	2,181,700	1,650,500
19.—Law and Justice { Courts	5,747,700	2,600	5,750,300	124,000	5,626,300
19.—Law and Justice { Jails	2,185,700	...	2,185,700	298,600	1,887,100
20.—Police	10,408,100	2,800	10,410,900	609,800	9,801,100
21.—Ports and Pilotage	393,000	300	393,300	300	393,000
22.—Education	8,365,700	13,000	8,378,700	567,100	7,811,600
23.—Ecclesiastical	221,000	400	221,400	221,400	...
24A.—Medical	2,505,200	16,600	2,521,800	193,300	2,328,500
24B.—Sanitation	2,007,200	2,000	2,009,200	337,400	1,671,800
25.—Political	2,814,300	30,200	2,844,500	2,505,200	339,300
26A.—Agriculture	1,945,100	10,200	1,955,300	216,800	1,738,500
26B.—Scientific and Miscellaneous Departments	1,406,400	36,800	1,443,200	852,700	590,500
TOTAL	41,088,900	857,600	41,946,500	8,108,300	33,838,200
Miscellaneous Civil Charges—					
27.—Territorial and Political Pensions	292,300	11,100	303,400	303,400	...
28.—Civil Furlough and Absentee Allowances	4,800	1,100,000	1,104,800	1,104,800	...
29.—Superannuation Allowances and Pensions	2,545,300	2,302,000	4,847,300	2,497,000	2,350,300
30.—Stationery and Printing	1,471,600	134,500	1,606,100	665,500	940,600
32.—Miscellaneous	3,234,200	55,000	3,289,200	1,012,900	2,276,300
TOTAL	7,548,200	3,602,600	11,150,800	5,583,600	5,567,200
Famine Relief and Insurance—					
33.—Famine Relief	29,200	...	29,200	21,900	7,300
34.—Construction of Protective Railways	...	...	...	...	...
35.—Construction of Protective Irrigation Works	511,800	18,800	530,600	530,600	...
36.—Reduction or Avoidance of Debt	940,200	...	940,200	940,200	...
TOTAL	1,481,200	18,800	1,500,000	1,492,700	7,300
Carried over	84,881,900	9,234,200	94,116,100	40,872,900	53,243,200

†Included under the following heads:—	India.	England.	TOTAL.
	£=Rx.	£=Rx.	£=Rx.
State Railways—Interest on Debt	8,190,000	3,675,700	**11,865,700**
Ditto —Interest chargeable against Companies on Advances	32,000	81,200	**113,200**
TOTAL	8,222,000	3,756,900	**11,978,900**

Budget estimate of the Expenditure charged to the Revenues of India, in India and in England, for the year 1920-21 on the basis of 2s. per rupee—contd.

HEADS OF EXPENDITURE.	India.	England.	Total.	Distribution of total between	
				Imperial.	Provincial.
	£=Rx.	£=Rx.	£=Rx.	£=Rx.	£=Rx.
Brought forward	84,881,900	9,234,200	94,116,100	40,872,900	53,243,200
Railways—					
38.—State Railways: Interest on Debt	8,190,000	3,675,700	11,865,700	11,865,700	...
Annuities in purchase of Railways	...	3,357,600	3,357,600	3,357,600	...
Sinking Funds	...	270,400	270,400	270,400	...
Interest chargeable against Companies on Advances	32,000	81,200	113,200	113,200	...
Interest on Capital deposited by Companies	85,300	2,153,500	2,238,800	2,238,800	...
40.—Subsidised Companies: Land, etc.	51,700	...	51,700	50,000	1,700
41.—Miscellaneous Railway Expenditure	120,100	93,000	213,100	213,000	100
TOTAL	8,479,100	9,631,400	18,110,500	18,108,700	1,800
Irrigation—					
42.—Major Works: Working Expenses	2,205,300	...	2,205,300	1,077,000	1,128,300
Interest on Debt	2,188,900	125,700	2,314,600	1,173,900	1,140,700
43.—Minor Works and Navigation	1,989,300	...	1,989,300	616,100	1,373,200
TOTAL	6,383,500	125,700	6,509,200	2,867,000	3,642,200
Other Public Works—					
44.—Construction of Railways charged to Provincial Revenues	6,000	...	6,000	...	6,000
45.—Civil Works	13,525,400	53,200	13,578,600	2,051,700	11,526,900
TOTAL	13,531,400	53,200	13,584,600	2,051,700	11,532,900
Military Services—					
46.—Army: Effective	41,338,800	6,208,400	47,547,200	47,547,200	...
Non-Effective	2,910,500	3,397,100	6,307,600	6,307,600	...
	44,249,300	9,605,500	53,854,800	53,854,800	...
46A.—Marine	742,800	493,900	1,236,700	1,236,700	...
47.—Military Works	1,965,500	115,000	2,080,500	2,080,500	...
TOTAL	46,957,600	10,214,400	57,172,000	57,172,000	...
Appropriation from revenue for meeting deficiency in Paper Currency Reserve*	7,073,800	...	7,073,800	7,073,800	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	167,307,300	29,258,900	196,566,200	128,146,100	68,420,100
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	...	...	...	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*5,740,500*	...	*5,740,500*	...	*5,740,500*
Total Expenditure charged to Revenue	161,566,800	29,258,900	190,825,700	128,146,100	62,679,600

* The entry against this head represents that portion of the saving in Home charges arising from the adoption of the 2*s.* rate in lieu of the 1*s.* 4*d.* rate which, under the proposals in the Financial Statement, will be credited to a suspense head for meeting the deficiency in the Paper Currency Reserve. Full credit for the saving having indirectly been taken in this statement by the adoption of the 2*s.* rate for conversion, it is necessary to show the transfer to the suspense head as an item of expenditure.

DELHI,
FINANCE DEPARTMENT,
March 1, 1920.

E. M. COOK,
Offg. Secretary to the Government of India.

APPENDIX II.

India's additional contribution to the war, 1918.

(*Referred to in paragraph 43 of the Narrative.*)

On the 10th September 1918 the Council passed a resolution offering a further contribution to His Majesty's Government towards the cost of the European War. The resolution ran as follows:—

"That this Council recognises that the prolongation of the war justifies India's taking a larger share than she does at present in respect of the cost of the military forces raised, or to be raised, in this country, and recommends that such larger share be to the extent and under the conditions and safeguards indicated in the speech of the Hon'ble the Finance Member in moving this resolution."

The extent of the contribution is briefly as follows. In the first place, the Government of India offered to pay certain sums in respect of effective charges, made up of the normal cost of certain numbers of additional troops which had been raised in India during the war to maintain the forces in the various theatres of operations; the increased emoluments sanctioned in 1918 for the Indian troops whose normal charges were to be met from Indian revenues; the outlay on the provision of temporary accommodation for additional Indian troops raised during the war; and the cost of the European section of the Indian Defence Force. In the next place, the Government of India offered to take over the liability for certain non-effective charges arising out of the war. The conditions and safeguards referred to in the resolution were that the payments would be reconsidered if we should have to fight on the frontiers of India and to incur large expenditure in that connection, or if we were faced with grave financial burdens in other respects, *e.g.*, in consequence of a famine, or a great currency crisis.

2. Sir William Meyer estimated the amount of the proposed contribution for effective charges at about £33½ million, on the assumption that the European War would terminate about the end of 1919-1920. He estimated the liability for non-effective charges roughly at £11½ million, the payments being spread over a number of years. Owing to the earlier cessation of hostilities, the amount of the additional contribution for effective charges was recalculated in the Budget for 1919-20 at £19·4 million, *viz.*, £12·2 million payable in 1918-19 and £7·2 million payable in 1919-20. It was intended to meet £4 million of the first instalment of this obligation from cash balances, and £6 million of the second instalment from the proceeds of the excess profits duty imposed last year; and it was anticipated that it would be possible to meet the balance of the contribution for effective charges, as well as the annual payments towards non-effective charges, from the yield of the revenues of India on the existing basis of taxation.

3. The present position is that one of the contingencies mentioned by Sir William Meyer, namely, a war on the frontiers of India, has been realised. The operations on the frontier will cost according to the latest estimates £14¾ million in the current year. The details of this war expenditure are explained elsewhere; the object of this paper is to give Hon'ble Members material to enable them to come to a conclusion whether in view of the facts just stated they will decide to maintain, withdraw from or modify the undertaking to assist His Majesty's Government by making a certain contribution towards the expenses of the European War. The financial issues involved are complicated, and it will be necessary to enter into some detail. The two portions of the contribution, which relate respectively to effective and non-effective charges, are dealt with separately.

4. The precise nature of the liability which the Government of India proposed to take over in respect of non-effective charges was explained by Sir William Meyer in his speech on the 9th September 1918. It was agreed to meet the cost of all extraordinary pensions (*i.e.*, wound, injury and family pensions) which had been, or might be, awarded for casualties occasioned by the war among Indian troops and followers and British officers of the Indian army. It was also agreed to meet the cost of the "service share" of similar charges relating to British troops including both those who belonged to the Indian establishment at the outbreak of the war and those who had served in India at some previous time. The obligation in either case was to be in lieu of that assumed in 1914, with the approval of the Legislative

Council and the consent of the Houses of Parliament, namely, to pay to His Majesty's Government the cost of the ordinary pensions, or the service share of ordinary pensions, which might be saved to Indian revenues owing to war casualties.

5. The new contribution in respect of non-effective charges was estimated in 1918, on rough data then available, to involve an aggregate expenditure of £11½ million. Actuarial calculations recently made in England have, however, revealed that if the terms of the original offer are strictly adhered to, the aggregate payments to be made in this connection will amount to at least £33 million, the very large rise over the previous estimate being due partly to heavier casualties and partly to an increase in the rates of extraordinary pensions of British soldiers. As soon as the result of the calculations was notified to the Government of India, it was represented by them to His Majesty's Government that the liability in respect of the net cost of extraordinary pensions of British troops should be limited to a sum which would not largely exceed the figure included on this account in the original calculations. It was also stipulated that the payment of the donation should liquidate any claim which His Majesty's Government might have on Indian revenues in respect of the service share of extraordinary pensions of British troops who fought in the war and had previous Indian service but had ceased to belong to the Indian establishment before the war began. The precise terms of India's offer in respect of non-effective charges now stand as follows. India would bear the cost of the extraordinary pensions relating to Indian troops and followers and to British officers of the Indian army. The net cost of this is equivalent to an immediate or capital payment of about £5 million. In respect of the net cost of the extraordinary pensions of British troops, India would contribute a capital sum of £4 million, and this contribution would be in full settlement of any claims which His Majesty's Government may have against India in respect of troops who fought in the war and had previous Indian service but had ceased to belong to the Indian establishment before the war. It may be mentioned that it has been a long standing practice, dating from 1870, for India to bear the Indian service share, if any, of *all* pensions of British troops employed in British campaigns, while His Majesty's Government do the same in the case of Indian campaigns. Apart, therefore, from the larger question which now comes before the Council, the Government of India have, in the matter of the contribution for non-effective charges, formulated a settlement which, judged in the light of the previous proposals, must be regarded as satisfactory to Indian revenues and if the matter is to be re-opened, it may result in new claims being pressed against India which it would be difficult to resist. The contribution, if it stands, would not of course be paid in one lump sum of £9 million: it would be proposed to spread the payment over a number of years.

6. To turn next to the additional contribution for effective charges, the various items have been mentioned in paragraph 1 of this paper, and they were also fully explained in Sir William Meyer's speech of the 9th September 1918. In respect of this additional contribution, a provisional credit of £13·1 million has already been afforded to His Majesty's Government in our war accounts of 1919. In the budget estimates for the current year, there was provided a similar credit to His Majesty's Government of the sterling equivalent of rupee expenditure aggregating R10·8 crores. This figure on a recent reassessment now stands at R7·65 crores, the reduction being due to the correction of an over-estimate in respect of the item of accommodation, but mainly to the fact that in our revised calculation it is proposed to exclude, with effect from 1st April 1919, any payments on account of the strengths of Indian troops definitely earmarked for the post-bellum overseas garrisons and actually serving overseas during 1919-20. It is necessary, however, to mention that if this sum of R7·65 crores were to be paid, it would cover the normal cost of certain Indian troops in excess of our ordinary peace establishments which have been actually utilised for the Afghanistan operations. Finally, it is proposed that if the decision to pay the contribution for effective charges is maintained, this sum also will be liquidated by instalments spread over a number of years, and it is for this reason that a provisional insertion of £500,000 has been made both in the revised estimates for 1919-20 and in the budget for 1920-21.

7. The financial issues involved in the proposition which is now placed before Hon'ble Members may be summarised as follows. The contribution for non-effective charges would involve an aggregate payment from Indian revenues of £13·5 million, spread over a period of 20 years and corresponding to a capital sum of £9 million.

The contribution for effective charges would aggregate £18·2 million. The total payment for effective and non-effective charges would thus stand at £31·7 million, of which £13·6 million have already been paid to His Majesty's Government in 1918-19.

8. One of the conditions attached to the guarantee having become operative, namely, the occurrence of war on the frontier, it might on the one hand be justly urged that the cost of the frontier operations (£14¾ million) should be deducted from the contribution promised. On the other hand, it might be pointed out that, even if the cost of the Afghan war be added to the cost of the further contribution as now estimated, the net result (£46½ million) would exceed by very little the original estimate of £45 million framed by Sir William Meyer in 1918, which was accepted by India as the amount of her liability. Secondly, there is the important consideration that the excess profits duty, which is expected to bring in 9 crores, was specially imposed to pay for the portion of the contribution falling due in 1919-20. Also, as shown in paragraph 6 above, a certain sum, calculated at £1 million, would, if the offer be withdrawn, fall on our revenues on account of troops utilized for the Afghanistan operations. Finally, there are strong grounds for holding that any reconsideration of the case should not in any case extend to the non-effective charges, in view of the nature of the settlement referred to in paragraph 5 above, since to do so might involve India in liabilities which cannot now be definitely stated.

W. M. HAILEY.

The 1st March 1920.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V., Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Monday, the 1st March, 1920.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E, G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 56 Members, of whom 48 were Additional Members.

SUPER-TAX BILL.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I beg to move for leave to introduce a Bill to amend the law relating to the Super-Tax Act, 1917. I have already, in the course of my Financial Statement, explained the reasons for the introduction of this Bill. The taxation it seeks to introduce is in the nature of a companies or corporation tax such as is in force in other parts of the world, and its object is to secure the imposition of a flat rate of one anna in the rupee on the income of companies over Rs. 50,000, in place of the existing super-tax on undivided profits. Here again, my Lord, I merely seek for leave to introduce the Bill, and subsequently I shall ask that it shall be published in the Gazette of India.

"I shall not seek at this stage for any further action on the part of the Council, since it is right that it should have full opportunity to study the Bill before I move that it should be brought before a Select Committee."

The motion was put and agreed to.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I now beg to introduce the Bill, and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

The motion was put and agreed to.

The following Bill was introduced in the Indian Legislative Council on the 1st March, 1920 :—

No. 13 OF 1920.

A Bill to amend the law relating to super-tax.

WHEREAS it is expedient to amend the law relating to super-tax ; It is hereby enacted as follows :—

Short title, extent and commencement.

1. (*1*) This Act may be called the Super-tax Act, 1920 ;

VII of 1918.

(*2*) It shall have the same extent as the Indian Income-tax Act, 1918 ; and

(*3*) It shall come into force on the first day of April, 1920.

Definitions.

2. (*1*) In this Act, unless there is anything repugnant in the subject or contract,—

" prescribed " means prescribed by rules made under this Act, or by rules made under the principal Act and applied with or without modification under the provisions of this Act ;

VII of 1918

" principal Act " means the Indian Income-tax Act, 1918 ;

" super-tax " means a tax imposed by this Act ; and

" unregistered firm " means a firm which is not a registered firm.

(*2*) Save as otherwise provided in this Act, words and expressions used herein and defined in the principal Act shall be deemed to have the meanings respectively attributed to them by that Act.

Taxable income.

3. For the purposes of this Act taxable income shall be the taxable income computed in the manner laid down in Chapter I of the principal Act, subject to the following modifications, namely, that the proviso to section 7, sub-section (2) of section 12 and sub-section (2) of section 14 of that Act shall have no application, and that sub-section (*1*) of section 12 shall have application only in the cases of unregistered firms and Hindu undivided families.

Incomes chargeable to super-tax and rate thereof.

4. In addition to the tax imposed by section 14 of the principal Act there shall, subject to the following provisions of this Act, be charged and recovered and paid in the year beginning on the first day of April, 1920, and in each subsequent year—

(*a*) by every individual subject to this Act, by every unregistered firm and by every Hindu undivided family, a super-tax on his or its taxable income at the rate specified in this Schedule ; and,

(*b*) by every company, upon the amount by which its taxable income exceeds fifty thousand rupees, a super-tax at the rate of one anna in the rupee.

Method of assessment.

5. The Collector shall assess the sum payable after considering the returns, if any, made under sections 16, 17 and 18 of the principal Act, and the result of any inquiry made by him under section 18 of that Act, in the cases mentioned in sub-section (4) of that section the Collector shall make the assessment to the best of his judgment.

Application of Act VII of 1918.

6. Sections 19 to 23, 25 to 27, Chapters IV and V, sections 42 and 45 to 52 of the principal Act shall, so far as may be, apply in the case of super-tax as if that tax and also in the case of section 25, as if any tax due under the Super-tax Act, 1917, were income-tax

VIII of 1917 chargeable under the principal Act.

Rules.

7. (1) The Governor-General in Council may make rules for carrying out the purposes of this Act, and may, subject to such restrictions and conditions as he may impose, delegate to a Local Government the power to make such rules so far as regards the territories subject to that Government.

(*2*) Any rules made under section 48 of the principal Act may be applied, by notification in the Gazette of India or the local official Gazette, as the case may be, to the purposes of this Act by the authority which made the same, with such modifications specified in the notification as may be necessary to facilitate their application to the said purposes.

(*3*) Rules made or applied under this section shall be published in the Gazette of India or the local official Gazette, as the case may be, and shall thereupon have effect as if enacted in this Act.

VIII of 191

Repeal of Act VIII of 1917.

8. The Super-tax Act, 1917, is hereby repealed :

Provided that such repeal shall not affect the liability of any person to pay any sum due from him under the said Act.

SCHEDULE.

See section 4.

In respect—	
(1) of the first fifty thousand rupees of taxable income	*Nil*
(2) of the next fifty thousand rupees of taxable income	One anna in the rupee.
(3) of the next fifty thousand rupees of taxable income	One and-a-half annas in the rupee.
(4) of the next fifty thousand rupees of taxable income	Two annas in the rupee.
(5) of the next fifty thousand rupees of taxable income	Two and-a-half annas in the rupee.
(6) of all taxable income over two and-a-half lakhs of rupee	Three annas in the rupee.

STATEMENT OF OBJECTS AND REASONS.

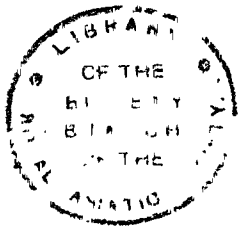
1. The existing super-tax law is not based on the existing Income-tax Act, and one object of the present Bill is to bring the law relating to super-tax into relation with that at present governing income-tax.

2. A second object of the present Bill is to give effect to the proposal, mentioned in the speech introducing the Financial Statement for 1920-21, to abolish the present super-tax on the undivided profits of companies and firms and to replace it by a new super-tax, at a flat rate of one anna in the rupee, on the whole income of companies in excess of Rs. 50,000. The present super-tax will continue to be levied on individual incomes, unregistered firms and Hindu undivided families being treated for the purposes of taxation as individuals. The operative clause of the Bill is No. 4.

3. The remaining clauses of the Bill are concerned with the application of the relevant sections of the Income-tax Act and do not call for comment.

DELHI :
The 27th February 1920.

W. M. HAILEY.



PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Monday, the 8th March, 1920.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C., K.C.S.I., Vice-President, *presiding*, and 54 Members, of whom 47 were Additional Members.

FINANCIAL STATEMENT FOR 1920-1921.

FIRST STAGE.

The Vice President :—"Council will now enter on the first stage of the discussion of the Financial Statement. Before we begin, I should like to inform Hon'ble Members of the course I propose to adopt. We shall sit on with the usual midday adjournment till 4 o'clock, at which hour we must adjourn as we have an important Select Committee sitting. Then, if Hon'ble Members so desire and not otherwise, we shall meet again at 6-30 this evening and sit till 8 o'clock. That will be a matter for the wish of the Council, but I would only point out that, if we are going to adjourn at 4 o'clock, I shall have to give the Hon'ble the Finance Member an opportunity of replying at a quarter to 4."

The Hon'ble Mir Asad Ali, Khan Bahadur :—"Sir, while congratulating the Hon'ble Mr. Hailey on his first satisfactory budget I cannot help feeling that he has to face more difficult times ahead especially in view to coming changes, and to the need for providing ways and means to meet our capital liabilities, as well as the war bonds and loans within the next three or four years. A fair revenue position and an anticipated budget surplus of a little over £2 millions for 1920-21, the maintenance of reasonably high silver reserves and the ability to keep down within manageable proportions the floating debt of India (which is said to have reached about 68 crores in October last) without the necessity of increasing the fiduciary note issue, the re-arrangement of the super-tax and the adoption of a railway programme, and above all, the absence of any additional burden to the country in the shape of fresh taxation are among the salient features of the Financial Statement. The Statement, the last of its kind under the Government of India Act of 1909, I venture to submit, calls for little criticism. With the menacing situation in the middle East and the Bolshevist schemes at our very doors, we cannot reasonably expect any appreciable reduction in our military expenditure in the present budget, nor can we look to any special grant under the heads of Education and Sanitation with a current deficit of about £14½ millions staring us in the face.

"I may, however, be permitted to make a few general observations. In noticing the general revenue position it is satisfactory to note that the budget for 1920-21 provides for an increase in revenue of about £4½ millions over the

revised estimate for 1919-20. While an increased revenue under customs and stamps, income-tax and railways, and posts and telegraphs is welcome, that under excise and opium is to be viewed with little satisfaction. The excise revenue has grown from about £7 millions in 1910-11 to about £13½ millions in 1920-21 (budget). It has nearly doubled itself within the last ten years. While the Provincial revenue has increased by about 46 per cent. within the last five years, the Imperial revenue has risen by about 95 per cent. during the same period. My own Presidency, which enjoys a high reputation for the efficiency of its Abkari administration, contributes over three-fourths of the total provincial increase in the revised estimate for 1919-20 over the budget of that year. While an increase in the excise revenue does not necessarily indicate a corresponding growth in consumption, it represents, however, that the major portion of the revenue is derived from the poorer classes whom the cursed drink habit unfortunately impoverishes. But an increase by leaps and bounds may also suggest an increased consumption of liquor. It is unfortunate that excise should be looked to as a fruitful source of ever expanding revenue. While we ought not to look to any increase in opium revenue, we find that, while the revenue from the sale of provision and medical opium has decreased by about 11 per cent., that from the sale of excise opium has risen by about 13 per cent within the last five years.

"As for the railways, we may anticipate a further increase in the ordinary passenger traffic, and consequently a higher revenue from that source might probably have been budgetted for. While the railway administrations have been profiting themelves through increased earnings, it becomes their bounden duty to provide for greater facilities for train service and for increased comforts to the travelling public, especially the third class passengers who contribute largely to the revenue, and whose manifold grievances have from time to time been brought to the notice of this Council.

"Coming to the expenditure position, I find that military services, the largest item on the expenditure side, claim nearly two-fifths or about 40 per cent. of the total expenditure, both Imperial and Provincial. While I hesitate to criticise the military policy of the Government in the absence of a full and accurate knowledge of the present military needs and of the details of the military administration, I fear that a growing military expenditure in times of peace may probably lead to the starvation of the civil needs of the country. While it is true that a smaller item has been budgetted for, it may not be known until the actual figures for 1920-21 are obtained whether there might not be an increase over the budget estimate, as is the case this year even after deducting the Afghan war expenses. For even then the revised estimate for 1919-20 exceeds the budget estimate for the same year by about £2 millions. Though it is not possible to reduce military expenditure to the pre-war standard, the pruning knife of the Hon'ble Finance Member has yet to be applied to large Military items. Again, salaries and expenses of Civil Departments have increased by about 20 per cent. within three years, as the budget estimate shows. Though posts and telegraphs show a large budgetted expenditure for 1920-21, an increase of about 50 per cent, over the actuals for 1918-19, it is gratifying to learn from the Financial Secretary's memorandum that a part of the increase is due to the revision of pay of various establishments. The grievances of postal and telegraph subordinates have been before the Government for a long time I trust, therefore, that a substantial part of the increased expenditure under posts and telegraphs will go to meet their legitimate wants.

"With the presentation of this budget closes an eventful chapter in the history of Indian Legislative Reform. By this time next year, the Indian Legislative Assembly with wider opportunities may probably go into a detailed examination of the Imperial Budget, and suggest ways and means for the social and economic development of the country. In this connection, I should like to suggest that the Financial Statement accompanied with the Financial Secretary's memorandum should first be presented to the members of the new Assembly. One week after such presentation, the first stage shall

merely open the various heads of the Financial Statement. At least a week should elapse between the opening and the discussion stage. During the second stage the resolutions pertaining to the Financial Statement should be discussed. A week after that, the Assembly may go into a general discussion of the statement, three or four days after the third stage of general discussion the Hon'ble Finance Member should present the budget in its final form. The adoption of this procedure, it seems to me, will be more useful and convenient to the non-official representatives."

The Hon'ble Sir Manindra Chandra Nandi :—"Sir, I do not envy Mr. Hailey's position as the present Finance Member of the Government of India. His first budget on behalf of his Government happens to be the last budget based on the combined accounts of the Provincial and Central Governments. This year Mr. Hailey has had many new problems of finance to grapple and contend with; in the next, he will have to throw all the traditional arrangements of Imperial and Provincial accounts into the melting-pot and evolve a purely imperial budget. Then, Sir, as soon as Mr. Hailey came into his office, he was set face to face with the problem of high prices on the one hand, and the preparations for a war on our frontier on the other. No one, Sir, with such a task before him, could feel very happy or comfortable: yet one feels that Mr. Hailey has done well under very adverse circumstances.

"Sir, Mr. Hailey's first Financial Statement has been hailed in certain quarters as 'a prosperity budget': in others, as 'a disappointing document' typifying old-world ideas of bureaucratic finance. It a pears to me, however, that the truth in this matter, as in most other matters in this imperfect world of ours, lies midway between these two extravagant judgments. Mr. Hailey's budget is not a 'prosperity' one inasmuch as it does not indicate on a very sure and safe basis the prosperity of the people or the Government of India with whose finance he deals. Mr. Hailey's good luck comes from the gain by exchange, and if the Indian tax-payer has escaped an additional burden other than involved in the re-arrangement of the super-tax, he must thank the exchange windfall rather than to increased revenues from the ordinary resources of the State. Nor are his disbursements very unhappy or disappointing either. Though military expenditure has absorbed the lion's share of the revenues of the Government of India, Mr. Hailey does not appear to have stinted money on such nation-building items as 'education' and 'sanitation' or such reproductive investments as 'railways' and 'irrigation.' I am one of those who have never supported the idea of starving Indian Railways and Irrigation, for, after all, they are the geese that lay the golden eggs for us, and I feel that the budgetting for a capital expenditure of £18 million in England and 4½ crores in India for our profitable railway estate and £580,000 for Irrigation is not open to much sane criticism. Now, I will turn to education and sanitation I find in Mr. Hailey's statement under discussion that the expenditure on education for the year 1920-21 from imperial assignments alone will be about 24 lakhs more than the similar grant for the last year, the provision made in the budget under 'education' amounting to over 2 crores of rupees against the probable outlay of 178 lakhs in the current year. In the matter of 'sanitation,' I similarly find that the special imperial grants under this head for 1920-21 amount to about 60 lakhs against a probable expenditure of 34 lakhs in the current year. Sir, though these figures may not represent all the people might wish the Government of India to spend for their education and sanitation, it would be a travesty of truth to describe the grants already provided for in the budget under these heads as not going a long way towards meeting the requirements of the situation. Sir, the critics of the Government of India, however, are having their last fling in this matter, for, from next year, both 'education' and 'sanitation' will be transferred to the charge of the provinces and placed in the portfolios of Indian 'ministers.' We shall then be able to see what amounts we are able to spend ourselves on our education and sanitation when they have been taken out of the hands of Mr. Hailey and my good friend Mr. Shafi.

"Sir, though I do not share the general pessimism of my Indian friends who have described Mr. Hailey's efforts as very disappointing, in one matter at least . . .

The Hon'ble Mr. V. J. Patel:—"I rise to a point of order, Sir. No one has described it as disappointing so far."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—"My sympathies are with them. The military expenditure of the Government of India ran very high in all conscience during the last four years, but we submitted to all that very cheerfully in view of the great interests which civilisation had at stake in the last war. We do not even now mind paying a very heavy bill for the great Afghan war and its sequel, out of whose meshes, I am afraid, we have not yet been able to get out completely. These things, however, do not trouble me very much, for they form part of the very necessary sacrifices, which, along with other parts of the Empire, we were called upon to make for the protection of some of our dearest interests. But, Sir, it is not the past so much as the future that appears to me full of danger. In his budget, Mr. Hailey puts our military expenditure for the next year to sixty crores of rupees, which is about a little less than half of the total revenues of the Government of India. Sir, I frankly confess I cannot reconcile myself to a situation which takes away such a considerable amount of our revenues for military services and equipments, though we are assured by Mr. Hailey that this amount represents no more than only 'the bare minimum required.' If it were a question for one year only, we might acquiesce without much grumbling, but, Sir, what appears to me to be the most alarming feature in Mr. Hailey's budget is the fear held out of our military expenditure never coming down to a pre-war basis. In paragraph 53 of his statement, Mr. Hailey observes:

> 'I may say at once that if India is to maintain in an efficient state an army of the strength required for the adequate defence of our frontiers, the cost of the military services will in future *be much in excess* of the sum which we have been accustomed to allot in our budget for this purpose.'

"Sir, this appears to me to be an ominous warning. I understood, and hundreds of thousand of people understood all over the world, that the last war was waged to *end* war, and that, with the inauguration of the League of Nations, an era of peace would dawn upon this earth which would be quickly followed by disarmament and demobilisation in every part of the world. But, Sir, with Mr. Hailey's budget for this year and his ominous warning for the future, we do not appear to have entered into an era of peace at all. The budget does not read like peace, nor does the atmosphere look like it. But though, Sir, we cannot go back to old pre-war and old peace-time conditions, I think we must do something to reduce our military expenditure compatible with the safety of the Empire. It appears from the budget that a very large part of our expenditure on military account is incurred for the increased pay and war gratuities of British soldiers and officers, and for the housing and accommodation of the same. Sir, I do not see any reason why the future Indian Army should not be exclusively an army of Indian soldiers,—manned and officered by Indians themselves. If the time is coming when we should do with a very small number of British officers in the civil administration of the country, I do not see any reason why we could not do without a very large British element in the army also. If the Indian Army could be made a self-contained and self-dependent machine, if the normal garrison of India could be largely left to Indian hands, then our military expenditure could be reduced by leaps and bounds, in spite of the higher standard of military equipment necessitated by the experience gained during the last war. I hope, Sir, this view of the question will be duly considered when the Army in India Committee's report comes to be considered by your Government, and I have no doubt that, when a policy of trust of the people on

the part of the Government begins to beget trust on the part of the people for British rule, there will be a very large margin for economy in our military expenditure.

"There is another matter, Sir, to which I would very much like to draw the attention of the Government of India. We are told by Mr. Hailey that the exchange has made it possible for the Government of India to look forward to a time when it may be independent of all provincial contributions. Sir, it must be your wish, as well as the heart's desire of all friends of India, that the provinces of India should start their new career in constitutional development under as happy auspices as possible, and provincial development should not be strangled by inadequate finance. I, therefore, congratulate Mr. Hailey on his assuming on behalf of the Central Government the liability for extinguishing all provincial contributions within a measurable time. This, Sir, after all, is a negative blessing, and I hope the time is not distant when the Government of India should also assume the liability of contributing back to some of the provinces a certain definite amount for their development. Sir, I am thinking of Bengal, where, the land-revenue being fixed, we may naturally claim for a portion of the large amount which we contribute towards the imperial exchequer in the shape of customs and income-tax revenue, and, without which, I am afraid, it will be impossible for us to meet the growing requirements of a progressive and autonomous administration.

"Sir, I have no intention to take this Council into the intricacies of the currency question, but I would very much like to give the Government a warning in the matter. High prices, Sir, have followed the present exchange question, as it was inevitable that 'the general decrease in the purchasing power of money elsewhere should re-act upon the purchasing power of the rupee'. Mr. Hailey has himself admitted that the question of high prices is the most difficult and most anxious of problems which the Government of India have to face. Under this circumstance, I may be allowed to entertain the hope that the linking of the rupee with the gold, recently effected in consequence of the recommendations of the Currency Committee, will not be lightly disturbed. In this connection, Sir, I have another suggestion to make. I find that the Government of India have lost a good deal of money,—nearly 12 crores in January and February alone—by the sale of their Reverse Councils. It will go on losing heavily so long as these are put up in the markets to adjust the balance of trade. As I understand from experts that trade is not likely to suffer if the sale of reverse drafts were stopped, the Government ought to give their immediate attention to concerting measures for putting a stop to the sale of these Councils.

"In conclusion, Sir, I have to thank Mr. Hailey, on behalf of the people of Bengal, for the special grants made by the Government of India of the sum of nearly 9 lakhs of rupees in lump for our provincial sanitation, of over 4 lakhs for the Belgachia Medical College, of 6 lakhs of rupees for a technical institute in Calcutta, nearly 13 lakhs for the improvement of the Port of Chittagong, 10 lakhs for increasing the pay of menials in the various services, 7 lakhs for widening the Madaripur Bil Canal in the district of Faridpore, 6 lakhs for the re-building of the Kidderpore Bridge, and 38 thousand rupees for Sir Jagadis Chandra Bose's Laboratory in Calcutta, besides the necessary allotments for the re-organisation of the public services and the recurring grant of a lakh and fifty thousand to the Calcutta Improvement Trust."

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, at the outset I may remark that the Financial Statement presented by the Hon'ble the Finance Member is a brief and business-like document. I should like to congratulate the Hon'ble Finance Member on his good fortune in finding huge surpluses from adventitious sources, which on the whole cover the deficits arising from military and other causes. The Finance Member will reap a certain amount of legitimate popularity owing to the fact that when most people expected further taxation and when most countries in the world are raising large sums

by taxation, he is able to give this country a budget which does not apparently involve any additional taxation.

"I am anxious to draw the particular attention of this Council to the serious feeling existing among all classes of business-men in Bombay with regard to the sale of Reverse Council Bills. Those of us who have given thought to the subject of Indian Currency and who have followed carefully the various steps by which the Government have changed their policy from time to time are distressed at the recent extraordinary fluctutations in the exchange which people in Bombay believe to have been due very largely to the action of the Government. The ratio of R15 to one sovereign had been maintained in practice to the advantage of this country for over twenty years. It was maintained during the war at a great sacrifice of public funds and a serious loss to the business community After the armistice, just when this country had the largest claim for reward and generous treatment at the hands of the United Kingdom and the Allies for whom India underwent to the full extent all sacrifice that was possible for her, we find that exchange has been raised successively until it has reached this height. The Government have sacrificed the stability of exchange, and notwithstanding the great need for establishing stability, the recommendations of the majority of the Indian Currency Committee have failed to give any reliable remedy in this direction. The American cross rate on which reliance was put has since gone down from 385 to 340; hence nothing but disaster can come from that report. The uncertainty of exchange is hitting alike the import and export trade, and I fear a still greater and permanent harm is done to the producers of this country. Whatever theoretical writers and armchair philosophers may say, I have no hesitation from my practical business experience in maintaining that the higher exchange has not resulted in any substantial benefit to the users of imported articles. The United Kingdom has not been able, owing to various well-known causes, to produce even a fraction of her pre-war output, and it is significant that the trade of other countries with India, as far as the import trade of the country is concerned, has expanded by leaps and bounds. Even during the period of rising exchange England has not been able to make any considerable advance in actual delivery of goods. Quotations from England in numerous articles are to-day even higher with an exchange which at one time nearly touched 3*s*. than they were twelve months ago when the exchange had not risen. The textile industry of Bombay with which I am closely connected is one of the best customers of the United Kingdom in matters of machinery and stores of all kinds, chemicals, beltings, etc. We are paying prices to-day which do not show any appreciable advantage to us owing to the rise in exchange If anyone asserted that the loss to this country over the exports is made good on the imports, that assertion would be a great wrong to this country, not only because the imports are smaller in volume, but also because the prices of imported goods have, on the whole, not shown any great tendency to come down in spite of higher exchange. What is the other side of the picture? Every Englishman who had investments in this country has hastened to realise them. Investments in machinery of all kinds have appreciated in value to an unprecedented extent, and most of these have been remodelled or amalgamated or refloated and passed on at inflated values to Indian investors. Their high realisations from these sources, the Government have enabled them to transfer to the United Kingdom at favourable rates. I am one of those who believe that the greatest benefit conferred by British rule on this country is the investment by Englishmen of their capital here in enterprises which Indians are unable to undertake on account of lack of funds or ignorance. In this light I cannot but help feeling that the greatest disservice has been done by the Government to this country in preventing this flow of capital and in encouraging the withdrawal of these investments.

"Capital which came to this country with the expectation of a steady 6 to 10 per cent. return is earning now by mere withdrawal over 100 per cent. in the sales through inflated value and more than 100 per cent. in exchange. The difference between Home investments and investments in India was

great at one time, but it is not so great now as to induce an Englishman to forego all advantages. He can afford to take a much smaller return at Home, and even to bear a larger taxation if he can make such enormous profits on exchange. Apart from the withdrawal of this capital it is the turning of the stream which must cause serious concern to all business-men. I for one do not expect that for some years to come capital would flow to this country for investment.

"Sir, the sale of Reverse Council Bills appears to have been adopted by the Government of India in pursuance of the recommendation of the majority report of the Indian Currency Committee. That Committee was very defective in its constitution, and it took very long to give its decision In the meanwhile, Government went on raising the exchange ratio. Indian publicists and a few Englishmen do not agree that the events during the period the Committee was sitting justified the Government successively raising the exchange. There were other remedies which, I am sorry to say, were not adopted. One such remedy was the mobilisation of the Indian Sterling Debt and its purchase by the people of this country. At the time the report of the Committee was published the exchange was 2*s*. 4*d*., but the Government suddenly raised the rate to 2*s*. 7*d*., 2*s*. 9*d*., 2*s*. 11*d*., in the course of a few days when no such action was at all necessary. The situation has radically changed since the Committee's report. Even if one allows for the sake of argument the raising to 2*s*. 11*d*. was unavoidable, there could be no object in Government wanting to maintain it at that high level, and therefore there could be no object in the sale of Reverse Bills. I do not apprehend any serious consequences could have happened had Government not offered for sale Reverse Bills, when they did. They threw the market by their action into an uncertainty and invited those speculative elements which are always drawn where quick and easy money is to be made. The speculative demand created by Government action is having disastrous consequences, and even now the continuance of that policy is producing serious evils and serious obstacles in every form of legitimate trade and industry.

"In the meanwhile, Sir, there has been a phenomenon which has been greatly misunderstood by the public. The Government have not yet made free the import of gold to this country, and they have deliberately kept very low the acquisition rate for gold imported into this country by private parties. The Government method of reducing premium on gold in this country was certainly not the best one to adopt, because I can say from reliable information that by their policy of selling gold in the manner they did, the Government drew in the net an enormous mass of persons who did not want gold for any legitimate object, but who were merely speculating. The result was that large sums of money were locked up. What was more necessary was to establish immediately honest and *bonâ fide* exchange rates with the outside world, and this could have been done by removing the restrictions on gold imports by private individuals. If Government were not prepared to do this Government should have at least raised gradually the acquisition rates of gold so as to reduce the tension. I regard gold as a very desirable backing for the note issue of India. The only explanation which I can find for the course of action they followed is their desire to save the gold reserve of England. If the acquisition rate was raised in India the premium on gold in London would have gone up and the sterling would have depreciated still further in relation to gold owing to the withdrawal of all gold for India. The low acquisition rate prevents gold from South Africa coming here and the gold from Australia being diverted to Bombay. Instead of India being able to dictate to the world and being in a superior position owing to the large percentage of metallic backing to her currency, she is deliberately kept in a position of inferiority, subordination and drift. While recognising the necessity of avoiding any violent changes and crisis in any particular financial centre, without reaction on the finance of this country, I I cannot help feeling that too much concern has been shown for British financial interests and too little for trade and finance of India.

"Sir, I am pressing these rather involved points to the notice of this Council and the notice of Government in order to raise a serious practical issue. In all earnestness I ask the Government whether they are going to lead the fortunes of this country in the matter of currency and exchange with the changes that may take place in the exchange between England and the United States—changes which may have nothing to do with India, which may have nothing to do with England, which may arise from political cause, strikes or any other reasons absolutely remote from the life and activity of this country. Must India perpetually play the second fiddle and be tossed about by every change that takes place in the American cross rate? Are the trade and industry of this country not to count in the decisions on currency and exchange question? I do not understand the particular point of fixing 2*s.* in gold for the rupee. It ensures no stability, and it is unduly high. If one were to judge the result by the evil consequences which have come about in the attempt to fix the exchange at this artificial point, the future seems very dark. If we can secure neither stability in exchange nor favourable conditions for trade, nor security, all legitimate expectations of further investments of British capital in this country will be at an end. How can we recommend persistence in this policy? Let us, I submit, seek the re-establishment of Indian exchange at the old rate of 1*s.* 4*d.* sterling by gradual stages without debasement of the rupee. I do not apprehend any serious consequences, provided the attempt is made steadily and by degrees; but I submit to Government in all humility that the objective of Indian policy should be that We cannot have a general advantage at any other rate. If that were the objective, the sale of Reverse Bills at such high rate as 2*s.* 1*d.* would certainly be disadvantageous. Even with the change in the exchange ratio, the sale of Reverse Bills is wrong. It does not even secure legitimate security from day to day. The only anxiety of Government should be to prevent exchange going below the rate fixed.

"Sir, various explanations have been forthcoming as to the necessity of selling these Reverse Bills. One object is the accommodation of trade. I am not raising a mere conventional protest against Government interference with trade when I say that trade would take care of itself if only Government left it free. What about the serious losses arising from the withdrawal of funds which were remitted to England at 1*s.* 4*d.* and are being called back at an exchange double of the old rate. The advantage in the reduction of Home charges is distant, and may be lost in future; but nothing can wipe out the public feeling from this simple process which the man in the street can understand very clearly. He sees the present loss which bulks large in his eyes. I ask leave of this Council to refer to the serious exasperation in commercial circles in Bombay which demand reconsideration of the whole problem and an immediate stoppage of the sale of Reverse Bills. Even if Government be not altogether convinced of the reasonableness of some of the demands of the Indian public, it would be, I submit, high statesmanship to respect this opinion as far as possible, and not to disregard it in a matter of vital importance to the people, nor to overlook the discontent which has followed and is likely to grow.

"In addition to what I have already said with regard to the policy of selling Reverse Council Bills and of the acceptance of the Currency Committee's Report, I should like to bring to the notice of Government the desirability of providing for the encashment of currency notes at district treasuries. The Government have at no time been bound by law to do this, but it was a healthy practice before the war, and it undoubtedly led to the establishment of confidence of the general public in the note issue. This confidence was during the war, on account of overissue and several other causes, shaken, and there was for some time very high discount on the notes, in some districts as high as 19 per cent. This is a phenomenon which I regard as alarming, and I would, therefore, urge on Government to provide as early as possible at convenient centres facilities for the encashment of notes. If the Government are apprehensive of an excessive number of notes being presented at any particular centre, they might authorise the district treasury to fix a daily limit for each individual, with the proviso that all applications up to Rs. 100 should be allowed. This would restore the confidence of the public.

"I wish to refer, Sir, to the very large gain from exchange. These large surpluses from exchange I regard with as much distrust as the late Mr. Gokhale used to regard the large surpluses from overissue of rupees and high prices. One can legitimately suggest that the surpluses arise as a matter of account, because no one suggests that India has actually gained this much money from any outsider. If then these large surpluses come primarily from the pockets of the people, they constitute to my mind a form of tax, and the greatest circumspection should be used to examine in what way these are spent.

"I wish to refer, Sir, next to the large military deficit during the current year amounting to no less than fourteen million pounds sterling. Whilst those who were watching the situation across the frontier anticipated some sort of trouble, but few expected such costly and extensive operations with such inconsiderable results, involving a financial burden which must make the Government and the people pause and consider the whole question. Where is all this going to lead? I am a practical man, but I cannot help feeling that the hopes and dreams of the world that was waging the war in order to end war are at the moment shattered to pieces. It was the hope of every patriotic citizen of India that the large financial resources required for nation-building, for vigorously pushing forward the programme of education, sanitation, and general industrial and economic improvement, would be got by savings in the military estimates. The military expenditure of India has been a subject of criticism by Indian members of this Council for over a generation. Even English critics of Indian finance have declared from time to time that India is bearing more than her legitimate share of military burdens. India maintained before the war an army beyond her own requirements—troops which have been used from time to time in operations beyond her own frontiers. While not grudging every legitimate contribution to the defence of the Empire, I respectfully urge on Government the need of curtailment, to its lowest limits consistently with efficiency and safety, of the programme of military expenditure for the next year, put at the extraordinary figure of £40 million. This amounts to nearly half the total revenue of India, and leaves very little for other essential purposes. Government, I am sorry to say, have not taken the members of this Council into their confidence in regard to the details of military defence and of future military reorganisation. Looking merely to the total figure of expenditure, our first impulse is to appeal to Government to have these enormous charges reduced. I am not sure that they could not be reduced, and that we could not effect further economy in military matters without impairing the efficiency of the army. A good country like India should rely on a Territorial Army and large half-trained reserves of Indians on the volunteer system. I earnestly hope that the Army-in-India Committee now sitting will consider this question in this light. Sir, in referring to this subject, I am referring to a feeling universal among the Indian public, and as they become more and more conscious politically through the benevolent action originating in the joint report of His Excellency the Viceroy and Mr. Montagu, these reflections and opinions are bound to gather strength.

"While on the subject of military expenditure, I should like to mention clearly my views on the question of further war contribution by India. When the resolution was passed, the feeling in the country was something different. The conditions have now changed. The Capital loss from exchange (forty crores in our paper currency reserve alone) have been very heavy. The economic condition of the people is anything but satisfactory. During the war, apart from direct contributions, the indirect contributions of India as a whole were large, and our various services have elicited expressions of gratitude from the highest authorities, both here and in England. To my mind, the very fact that the resolution last year was carried through the Council conditionally is significant of the grave apprehension which the people had with regard to the currency crisis and the disturbance on the Frontier. The assurances of the Government and His Excellency's personal views secured for it the support of this Council. We hold to the conditions. One of them admittedly is present. Then there are other considerations. We can ill-afford to spare this sum, though apparently

the budget does not suggest new taxation. We need it for various purposes. The saving to the exchequer of India of this money would enable us to use it in numerous directions now unfortunately neglected for want of funds In my opinion Government should take the responsibility of final decision in the matter. Government have the materials before them for a comparative estimate of advantages and disadvantages. The Hon'ble Mr. Hailey, in his Note on the subject, observes: 'Apart, therefore, from the larger question which now comes before the Council the Government of India have in the matter of the contribution for non-effective charges formulated a settlement which, judged in the light of the previous proposals, must be regarded as satisfactory to Indian revenues, and if the matter is to be re-opened, it may result in new claims being pressed against India which it would be difficult to resist.' Again: 'A certain sum, calculated at £1 million would, if the offer be withdrawn, fall on our revennes on account of troops utilised for the Afganistan operations. Finally, there are strong grounds for holding that any re-consideration of the case should not in any case extend to the non-effective charges in view of the nature of the settlement....., since to do so might involve India in liabilities which cannot now be definitely stated.' We have no idea about these claims and liabilities; but the whole point is that the matter should be treated as a business proposition. If the compulsory Indian service share and the other non-effective charges exceed or even equalise the total proposed grant, it would certainly be prudent for India to sanction it. If, on the other hand, the total of the claims and the liabilities referred to above be less than the contribution, prudential considerations would counsel waiver. If the non-official members have to express an opinion, they would certainly press for the cost of the frontier operations to be deducted from the promised contribution.

"Sir, while the business community is thankful to Government for the abolition of the excess profits duty, the fact remains that the real burden on Industry is not reduced to the desired extent owing to the re-adjustment of the super tax. One aspect of the re-adjustment must be brought to the notice of Government. A flat rate of one anna in the rupee will be levied on the whole profits of a company including the portion appropriated to payment of the tax. The dividends will therefore be lower and these attenuated dividends will be liable to be assessed to the super tax, possibly at a higher rate over again as forming part of the income of an individual. This principle is foreign to the administration of the income tax, and it is necessary that similar safeguards should be provided in the assessment to the super tax. Perhaps Government intend to do so, but from the speech of the Hon'ble Finance Member doubts have arisen in financial circles in Bombay, and hence I am referring pointedly to it. In case that portion of an individual's income which comes from dividends is not exempted from this levy, the net effect will be discouragement of investment in joint stock enterprises. Investment in a partnership business will bear super tax once, while that in joint stock companies twice. This would be manifestly unfair and very impolitic. I earnestly hope Government will favourably consider this important point.

"Sir, as a banker I regard the question of the outstanding Treasury Bills as serious. It is gratifying to see the Hon'ble Finance Member realises the danger involved in carrying huge floating liabilities. I have, however, looked in vain in his statement for a bold or definite policy for the reduction of this liability. Evidently he relies on his ways and means programme for a balance which can be applied to repayment of Bills as they fall due. Probably he expects a larger response to the next loan than the 15 crores mentioned by him. On the other hand, with the amalgamated new bank the Government of India ought to be in a position to tide over the intermediate period. All the same I would advocate a bolder course, and I would suggest that an option be given to the holders to convert the bills without any charges into Government Paper in the new loan with all the advantages and attractive features which would, no doubt, be devised by the Finance Member."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, in approaching the discussion of the Budget we are reminded of the fact to which, I think, reference has been made by my friend the Hon'ble Mir Asad Ali, Khan Bahadur, that we are a dying legislature and that our life has twice been prolonged by the beneficent intervention of His Excellency the Viceroy. This is the last Budget of its kind which this Council will be called upon to consider. The Budgets of the future will be very different in form and substance, and the methods of procedure in dealing with them will also be different. They will largely, if not wholly, be budgets of the Central Government. There will be no grants from the Imperial Government to the Local Governments, but, on the other hand, contributions from the Local Governments to the Central Government. The estimates will be voted upon as in Parliament; the Resolutions will indeed not be binding upon the Government, but it is obvious that a Government, which has to depend for its legislation upon an Assembly preponderatingly popular in its character and complexion, cannot long afford to ignore its wishes or to disregard its behests.

"Sir, what is the attitude of public opinion with regard to this Budget? Our feelings about it, I may say, are of the mixed order. They are feelings of approval and also of apprehension, of general approval subject to criticism in respect of details, of apprehension with regard to the future position of our finances. We recognise—and I think I re-echo the sense of this Council in this matter—we recognise the great ability which the Hon'ble the Finance Minister has displayed in dealing with a financial situation so difficult and so complicated. We congratulate him upon the lucidity of his exposition and upon the keen solicitude which he has displayed in dealing out even-handed justice to all interests concerned. But, Sir, we cannot disguise from ourselves the fact that it discloses a situation which must cause the gravest concern to the tax-paying community. The military expenditure has bounded up from 20 millions in pre-war times to 40 millions to-day. If that were all, the long-suffering Indian tax-payer might perhaps have reconciled himself to a situation that was inevitable, and perhaps not wholly unexpected; but there is something behind. The Finance Minister strikes an ominous note of warning; he tells us that this is the least amount that can be budgetted for as military expenditure and, furthermore, that it is liable to increase in the event of the frontier wars continuing. Sir, who can regulate or control the martial tribes on the frontier? They are volatile and fickle, notoriously turbulent, liable to be carried away by gusts of tribal passion and prejudice. The situation is ominous to a degree, and it is no comfort to us to be told that Japan has trebled her military expenditure after the war. Japan is not India. Japan is wealthy, India is poor; Japan has built up the fabric of her political freedom and of her commercial greatness, we are about to apply ourselves to this task. We have to re-organize our educational system, to create our industries, to develop our commerce, to re-fashion and re-mould our domestic and social institutions. There is the great work of re-construction that lies in front of us. Where is the money to come from, if the bulk of our revenues or a substantial portion of them is to be absorbed in military expenditure? Sir, let me not be misunderstood. I do not in the smallest degree desire to minimise the importance—I will even go further and add the paramount necessity—of effective military defence for the country. I think it is a matter in which educated Indian opinion is absolutely agreed. Peace must precede progress; tranquillity at home, security against foreign aggression from abroad, must be the fundamental condition of orderly and stable progress. We all recognise that; but, then, Sir, how are we to reconcile the exigencies of the military situation with our domestic needs and wants and the resources of a country so poor as India? That is the problem, the problem of problems, that confronts us, and I commend it to the solution of the Hon'ble the Finance Minister and of the Government of India.

"Sir, in this connection I have some recommendations to make. My first suggestion is the formation of a territorial army of Indians. It would entail a small expenditure at the start, but in the long run it is bound to be

economical. It would be a volunteer force, a second line of defence, a reserve if you choose to call it so, which may be called out at any time for active military operations as was done in England. Sir, you are going to form a territorial army of Europeans and Anglo-Indians, 36,000 strong, upon a compulsory basis. I ask you to form an Indian territorial army on a voluntary basis, and I am sure I do not appeal in vain to the Government of India or to His Excellency the Commander-in-Chief whose sympathies with Indian aspirations are so well known.

"Sir, no one knows what the future has in store for us; the future is on the lap of the gods. We must not rely too implicitly on the shifting phases of international relations either in the East or in the West. Those who are your friends to-day may be your enemies to-morrow. Ten years ago who could have anticipated in his wildest dreams the great war between Germany and England, or the terrible conflagration that has been lit up in the world, the dying embers of which are still smouldering? To be forewarned is to be forearmed, and I am sure a territorial army would be an institution, which both in its moral and material aspects would be a bulwark of the Empire. And mark the educative effect of the experiment which I commend to the acceptance of this Government. They talk of anarchism. I feel confident that if a territorial army were formed, it would sound the deathknell of whatever remains of the revolutionary feeling in this country. It will infuse discipline among our young men, foster public spirit and inspire a sense of Imperial citizenship which will bind the most distant parts of the Empire in the golden chains of an indissoluble union.

"My Hon'ble friend, the Finance Minister, has referred to the menace of Bolshevism in the Mid-East. I do not know anything at all about it. The country knows nothing at all about it; but I accept the statement. I do not wish to minimise the significance of that statement. My friend is in the secrets of the Government, and I am not. I do not wish from my place in this Council to utter one word which may leave upon it the mark of irresponsibility. Assuming then that there is this menace, let us organise the materials at our disposal. If you have a territorial army it would be an organisation both materially and morally strong. You will have in every Indian household a sentinel to guard the country and the Empire against the machinations of Bolshevism; for Bolshevism is an insidious thing; it does not fight with open arms; you can always fight that sort of enemy; but this moves underground, spreads its dangerous propaganda unseen; creates a revolutionary sentiment and saps the foundations of order and social stability. If the people were organised, disciplined, equipped under modern conditions, inspired with a sentiment of devotion to the Empire, I am confident they will be more than a match for the enemies of civilization and social order.

"I am told, Sir, that there has been a loss of martial spirit among the people of India. I am afraid there is a substratum of truth in that statement. I cannot disguise the fact. Where are our stalwart Rajputs of Bhojpur in Bihar who swarmed in the armies of the East India Company? Where are they? You do not find them. They have ceased to be the soldiers of the Government because you have not utilised their services; you go and look further afield; you go among the Gurkhas, among the Pathans on the frontiers of India for your soldiers, as if we had not throughout our long and historic existence sufficient war material in this broad and wide Continent. These soldiers are not citizen soldiers; they are mercenaries; and I may say with all confidence in this Council that citizen soldiers in the long run are far more efficient than mercenaries can ever be; for mercenaries, unlike citizen soldiers, do not possess that instinct of patriotism which is the most valuable asset of the good soldier. If I may remind the Council of a great historic feat, I may refer to the example of Rome when she rolled back the tide of invasion from her borders times without number; and that of France when invaded by the combined armies of Europe, who with her raw recruits led by experienced Generals defeated the trained soldiers of Austria and Prussia. Therefore, it seems to me, Sir, that you have in this territorial army a moral

and material force of tremendous potency to fight against the enemies of the country and of the Empire.

"Sir, you talk of martial qualities. We know what people used to think of the Bengalees. They were thought to be utterly unfit for military service. Well, we sent a Bengali battalion to Mesopotamia. At the present moment a Bengali unit is operating in Kurdistan, and I hold in my hand a letter from the Officer Commanding who bears the highest testimony to the pluck, the courage, the endurance of these Bengalee soldiers. Military qualities are not the gift of any particular race. If there is any element of gift about it, it is liable to be developed, trained and educated by culture, and I ask the Government of India to extend the area of recruitment to the whole of India, or, at any rate, to a considerable part of it, to classes which hitherto have been excluded from it.

"Then, Sir, we are all grateful, I am sure I speak the sense of this Council, we are all grateful for our admission to the commissioned ranks of the Army, but I think I voice the sense of my countrymen when I say that these admissions are few in number having regard to our requirements; the method also is faulty, and is not what it should be. There is not sufficient publicity given to attract suitable candidates to apply for admission. Then, Sir, there are departments of the Army from which we are excluded. Take, for instance, the artillery, the transport, the veterinary and other services. Exact any test you please, but do not put upon us the bar of racial disqualification. We are prepared to submit to any test that you may like to impose. I think we are fit for it; we have sufficient stuff in us to equip ourselves to pass any ordeal which you in your wisdom may think fit to prescribe. There is a movement, a progressive movement, going on in connection with the wider employment of our people in the Civil Service, or, I think, I ought to say, the Civil Services of the Government. I feel that there should be a corresponding movement, a counter-part in the military service of the Empire. Sir, self-government has been declared to be the end and aim of British rule in India. That is the mandate of our Sovereign. It has been embodied in an Act of Parliament. Self-rule connotes self-defence, the obligation to guard our hearths and homes. Therefore, we appeal to the Government to qualify us for responsible service, not only in the civil but also in the military departments of the State, so that, Sir, we may rise to the full height of our manhood and our moral stature, and perform in full measure those responsibilities, I was going to add, those exalted duties which belong to the citizenship of the Empire. I am sorry that His Excellency the Commander-in-Chief is not here. I should like to make a personal appeal to him about this matter, and I am sure my appeal will not go in vain.

"There are one or two other matters not connected with the Army to which I desire to call attention. There is the question of the decentralisation of finance. Next year, the Provincial Governments will be making contributions to the Imperial revenue. My Hon'ble friend, Mr. Sarma, moved a resolution to the effect that the Provincial Governments should be relieved of their contributions. My Hon'ble friend, Mr. Patel, suggested that the matter should be referred to the Meston Committee for their opinion. You have budgetted six crores of rupees as the contributions of the Provincial Governments to the Imperial Government. I appeal to the Hon'ble Finance Minister to relieve the Provincial Governments of that contribution. He has given us an assurance that this will be done by and bye. We are all interested in placing Provincial Governments under conditions which will free them from financial embarrassment An impecunious Provincial Government is bound to be an unsuccessful Provincial Government; and an impecunious Provincial Government imposing taxes will be still more unsuccessful. I hope, therefore, that in this matter the Hon'ble Finance Minister, although the vote was lost in this Council, will respond to the clear verdict of public opinion.

"One word I have to say about railways. We are spending vast sums of money on them. But what about the convenience of the travelling public? There has been no sensible addition to them; the fares are as high as ever

and they have not been reduced to their former rates; railway journeys are sometimes very tedious and wearysome. I at least know of some trains which cover a distance of 217 miles in twelve hours' time at the rate of 18 miles an hour. All this is reminiscent of the Middle Ages when people used to journey by stage coaches, but the high and oppressive fares are painful reminders of modern conditions. May I appeal to my Hon'ble friend, the President of the Railway Board, to look into this matter? There is very considerable public dissatisfaction with the railway administration. I feel it my duty to give public expression to it from my place in this Council Chamber, and it would not be a bad thing at all if a committee, a mixed committee of officials and non-officials, were appointed to inquire into this matter.

"One word, Sir, about the grievances of the postal clerks. I am sure Hon'ble Members are quite familiar with this subject. We have been flooded with telegrams, I think, since we have been here from these aggrieved postal clerks. They want their pay, their time-scale, to be assimilated to clerks employed in the Telegraph Department. May I make a personal appeal to my Hon'ble friend, the Finance Member, to look into this matter, and I am sure he will receive very substantial and sympathetic aid from the Hon'ble the Director-General of Post Offices.

"Sir, there are at the present moment two educational projects before the Government. There is the Dacca University Bill, and there are the recommendations of the Sadler Commission which will soon materialise in the form of law. Well, Sir, with reference to the recommendations of the Sadler Commission, it has been estimated that the initial cost will be one crore of rupees, and the recurring charges will be 66 lakhs of rupees a year. I feel, Sir, speaking as a graduate of that university, that no attempt should be made to give effect to these provisions until ample funds have been secured.

"Sir, education will soon be a Transferred Subject, and I do not think that this Council ought to pass a law imposing a heavy financial burden upon the province of Bengal and yet make no provision for it. You have no right to call for the tune when you do not pay the piper. If the matter were left to Bengal, Bengal would decide it in its own way, but when you take the matter out of the hands of Bengal, I claim as a representative from Bengal, that you must provide for the finances necessary for the scheme.

"I do not think I ought to detain the Council any longer. Sir, we are at the parting of the ways. The old order changeth and giveth place to the new. On such an occasion the memories of the past crowd in upon us, but they are overshadowed by the vision of a brighter future which will set us firmly on the road to self-government and to the attainment in full measure of our equal rights as citizens of the British Empire. We have had many disappointments in this Council in the past. I hope under new conditions, under happier auspices, there will be fewer of them. Sir, if I read aright the signs of the times, I will say this that the spirit of co-operation, of which there have been many signs of late, will dominate the deliberations of the Legislative Assembly which will be formed under the Reform Act. May I appeal once again to officials and non-officials, European and Indians alike, to combine to bring about this blessed consummation so devoutly to be wished for."

The Hon'ble Mr. Nigel F. Paton:—"I should like to say one word, Sir, with reference to Sir Fazulbhoy Currimbhoy's speech. If I have not misunderstood him, he indicated that commercial opinion in Bombay was unanimous in regard to the abandonment of Reverse Councils. There is no doubt at all that a very large body of opinion shares Sir Fazulbhoy Currimbhoy's view, but we are not unanimous. We are all searching very earnestly for some solution of this question, but there is no unanimity as yet . . .

The Hon'ble Sir Fazulbhoy Currimbhoy:—"May I rise to make a personal explanation, Sir? I said Indian commercial opinion"

The Hon'ble Mr. Nigel F. Paton :—"That satisfies me, Sir, and I have nothing more to say."

The Hon'ble Sir Gangadhar Chitnavis :—"The Financial Statement before us is remarkable for an undertone of depression and anxiety which the confidence and trust in the future expressed by the Finance Minister at the end of his illuminating narrative cannot disguise. The position is really one of anxious concern to all of us. Not only the Council, but the public outside, will realise the difficulties of the Finance Minister, and every one of us here present will extend to him his sympathy and support. The Hon'ble Mr. Hailey deserves our support all the more in that the Statement gives clear evidence of his anxiety to make economy the ruling principle of his administration. If our expenditure during the current year has been abnormally large, and if the estimate for next year does not provide for a considerable reduction, it is because the operative causes, I, for my part, am convinced, are beyond his control and the situation does not admit of much economy.

"Sir, the extraordinary expenditure of this year has been met by measures which the Hon'ble Mr. Hailey himself describes as undesirable and unsound. It is superfluous to criticise them. The point of more particular interest is the next year's budget, and the programme of expenditure, capital and revenue, to get through is heavy in all conscience. The Finance Minister points out frankly that 'this programme can only be realised if India gives a liberal response to our rupee loan in the coming year.' He expects 15 crores from the next loan, an estimate which requires examination. To my mind, it is excessive and unreliable. It must be conceded that the present Government stocks are somewhat discredited. The enormous depreciation in value has had a demoralising effect upon the investing public. Government Paper is mostly in the hands of small capitalists who lack the courage to invest their money in industry and business, and who derive little comfort from the fact that in competition the different loans are finding their own levels. People who are likely to take up the bulk of the new loan have, unfortunately, had their faith shaken in the value of Government loans as sound investment. The same uncertainties as to the future which makes capital shy of investment in business have come to hang over Government Paper. The holders have lost heavily through depreciation. The poor villager suffered heavy capital loss on his silver holding as a result of closure of the mints. The richer townsman has lost and stands to lose more on his gold investment. In the result it may well be that the small capitalist would prefer hoarding coins to laying out his hard-earned money on any of these investments. Government ought not to base their calculations in respect of the next loan upon the results of the loans raised during the year. It is not a secret that these were to a large extent taken up by big capitalists, European and Indian merchants and businessmen who made large profits but could not find employment for their money. The bulk of the securities have not been thrown upon the market. In my humble opinion, the whole question of Government loans should be investigated by the Finance Minister with the help of a small committee It will not be right to go on increasing the rate of interest of future loans. It will be far better, instead of floating a fresh loan, to raise money by offering to the holders of 3 per cent., 3½ per cent. and 4 per cent. stocks favourable rates of conversion into a uniform 5 per cent. stock. The yield, I am sure, will be large. It is true in the result our interest charges will grow, but the moral gain will be incalculable. Confidence will be restored, and Government will have an unfailing source of financial assistance at their disposal. And for that matter, the increase in the interest charges will be debited to productive works, our railways and irrigation works—the income from which is progressive. With confidence restored, it may not be necessary to make large payments in redemption of the War Bonds. The holders may be induced to take up permanent stock in lieu of them. An effort should be made in that behalf. Special rates of conversion may be offered to them. The rate of interest suggested, 5 per cent., is fully warranted by the conditions of the money market.

"Sir, connected with this is the question of sale of Reverse Council Bills. The Hon'ble Mr. Hailey observes, 'the solution of the problems of the future depends therefore on the growing accumulation of capital wealth in India, and the interest which the Indian money market evinces in our loan issues.' Something has been said above to indicate the measures necessary to attract Indian capital into the Rupee Loans. Careful investigation may reveal additional possibilities. But one point needs to be emphasised here. It would be wrong to depend only upon appeals to the patriotism and the sense of responsibility of the Indian investor. The whole thing should be considered as a business proposition.

"Then, it may be pointed out that the heavy sale of Reverse Council Bills at a high rate of exchange certainly does not help to conserve capital in India. The Finance Minister himself notices the heavy withdrawals from the Post Office Savings Bank by European depositors under the impetus of a high exchange. The withdrawals, it may safely be assumed, have not been restricted to the Savings Bank. And these outgoings are anything but helpful to the accumulation of capital wealth in India which the Hon'ble Mr. Hailey desires. On this ground, if on no other, the sale of Reverse Councils should be discontinued. There are more powerful reasons besides. These sales are wholly opposed to the main principle of Reverse Councils. The Bills were never intended to be issued for the benefit of the trade. They were only meant for the support of exchange. But, in the present instance, they are sold mainly, and one might say solely, for the convenience, not of trade, but of private remitters, and, as such, they lack justification either in principle or expediency. The incidental deflation of the extra paper currency, even if considerable, is effected at too great a sacrifice. I believe the time has come when the whole exchange policy of this Government should be thoroughly overhauled, and a reversion to the old silver standard of currency with free coinage of silver should be seriously considered.

"Sir, the Hon'ble Mr. Hailey counts gain from exchange as a permanent factor in Indian finance, so much so that he seriously contemplates the complete extinction of provincial contributions in the near future. I wish grounds were present for such optimism. Assuming for the moment that exchange is maintained at 2*s.* (gold), with the change in the policy of the financing of the India Office establishment and the purchase of stores, our Home charges will steadily shrink. It would have been better if the Finance Minister's narrative had contained an analysis of the new position created by the transfer to the British Estimates of the cost of the India Office establishment, less the charges connected with Agency work. Indian revenues will be relieved to some extent. And it is quite likely that our purchases in England will grow less and less with industrial expansion in India under the able lead and guidance of the Hon'ble Sir Thomas Holland. How can then the gain from favourable exchange be steady? Councils cannot be sold to a large extent for the convenience of trade. Then, much of the future of the rupee exchange depends upon the price of silver, a most uncertain factor. The present conditions cannot continue. Sooner or later settled political conditions will be restored in Mexico, and the annual output of silver must reach its former level. The China demand, too, must ultimately fall off. In India, the Finance Minister has pointed out, the demand for coins is not now so insistent and embarrassing. When the reaction in the silver market does take place, it is not possible that the rupee will be maintained at its present high exchange level.

"Sir, huge though it is, we must support the Military expenditure of this Government. The Hon'ble Mr. Hailey's statement must reconcile us both to the Revised Estimates and the next year's budget. But what the public would like to know is, if Government have any materials for the conclusion that danger threatens India from the Mid-East? Reports are so far conflicting. In England the story is now discredited by a large and growing body of public men who ought to know as a canard, owing its origin to Mr. Winston Churchill's imagination. There is even a movement for official recognition of the Soviet Government of Russia, and

the Prime Minister is himself the sponsor of it. Is it likely that His Majesty's Government would consider the question of recognition if any proof existed of Soviet Government's mischievous activity in Mid-East with India as its objective? His Majesty's Government must be supposed to keep correct information about the course of events in Mid-East. A full statement on the point by Government in these circumstances is urgently necessary. For long years our military finance was influenced by the bogey of a Russian invasion. It is imperative the mistakes of the past should not be repeated. If there be real danger from Mid-East, our military expenditure must of necessity be maintained at the proposed level; if not, it must be cut down to the irreducible minimum. In connection with this military question the suggestion made by Sir Fazulbhoy and Hon'ble Mr. Banerjea about the formation of a territorial or citizen army requires Government's serious consideration.

"As regards the special war contribution, I will speak with some reserve in view of the amendment or resolution that I hear is going to be moved, by some friends later on. Subject to such change as the arguments then advanced may bring to my mind, I presently think that this question will have to be decided in the light of facts stated by the Hon'ble Mr. Hailey in his able analysis. I am of opinion that it will be advisable to pay the contribution in instalments as stated by the Hon'ble Mr. Hailey. It is far better that the compromise effected by Government in respect of non-effective charges should be confirmed by the Council than that delicate questions of extra payment to His Majesty's Government should be re-opened. At the same time, I hold that the principle at the back of the 'long-standing practice, dating from 1870, for India to bear the Indian Service share, if any, of *all* pensions of British troops employed in British campaigns, while His Majesty's Government do the same in the case of Indian campaigns,' needs scrutiny in the light of existing conditions. The practice for a certainty involves India in heavy financial obligations. All the British units may be sent out here one after another for experience in India, and what with their ordinary and recently sanctioned extraordinary pensions the bill against us may run to an alarming length. In any scheme of Imperial Federation such a principle of apportionment of the cost of Imperial defence is sure to be abandoned. Meanwhile, efforts should be made for better arrangements with His Majesty's Government on the general question.

"The policy underlying the Railway allotment will meet with general support in the country. Improvement on open lines is a matter of the first importance and must have the first claim. Increased facilities of transport and travel will be appreciated by all, especially for their effect upon prices. I am sure the discomforts of Railway journey so well described by Mr. Banerjea will receive in future the attention of the Railway authorities. I fully endorse his opinion that a Committee of officials and non-officials, if sanctioned, will help the Railway authorities in a large measure to come to a right decision in all these matters."

The Hon'ble Mr. W. E. Crum:—"Sir, I would like first to take this opportunity of congratulating the Hon'ble Mr Hailey on the very lucid way in which he brought forward his Financial Statement, and also generally on his Budget. At the same time I hope he will not take that as meaning that I entirely agree with all his policy.

"I would like to go through one or two items of the Budget, Sir, and I will take them in the order in which they come in the figures. First of all is Customs. On the question of export duty on hides and skins last year, Sir, at Simla, I made a special request to the Government that they should utilise the proceeds of this duty as largely as possible in providing tanning for Indians and improving the methods of curing and of treating the raw hide.

"Now, Sir, I know that certain steps are being taken in regard to tanning, but as regards curing and flaying of hides, I do not think anything has yet

been done, and to such an important matter I should like to draw the attention of Sir George Barnes and Sir Thomas Holland again.

"Take the case of Calcutta alone; in Calcutta from the 500 hides produced daily about half are seriously damaged by butchers to the extent of about Rs. 2 a hide; so that if an improvement could be effected in that direction, it would mean a difference to the country generally of nearly two lakhs of rupees in Calcutta alone.

"Great improvement has been effected in Bombay owing to the fact the Government had practical control during the war of the Bombay slaughter houses.

"And I do think it is a matter of Imperial importance that Government should do what it can to improve the raw product and thereby add to the justification for the tax. A good deal has been said about the tax and it has been said that a great deal of harm has been done to export. Well Sir, the tax is 5 per cent. in the case of England and 15 per cent. in the case of other countries. The rise in exchange since it was put on has amounted to 33 per cent. Therefore I do not think it can be said in any way that the tax has contributed to the present undoubtedly slack trade which is going on in hides and skins.

"Then, Sir, I come to the next point of direct taxation. I am sure we are all very glad that the Hon'ble Member has taken off his Excess Profits tax, and I should like to congratulate him very seriously on that. It is true it was pointed out last year that it was probably only a tax which would last for a year, but nevertheless I am sure everybody is very much relieved that it has been taken off.

"As regards the super-tax I may have something to say later, and I venture to defer anything I have to say until the super-tax is actually under discussion.

"Then, Sir, as regards Posts and Telegraphs, there is one small point, and that is that I hope Sir George Barnes will be able still further to reduce the cost of foreign telegrams. The amount paid from India to outside for foreign telegrams is not reckoned in rupees, and since the exchange is so much in favour of India, I hope that further reduction will be made as soon as possible.

"Now I come, Sir, to the very important question of Railways. Now Sir, when the Mackay Commission sat it recommended a yearly programme of not less than £12 million on capital account. Now £12 in those days was 18 crores, and, I think, it is simpler for me to speak in rupees rather than in pounds. When 18 crores was considered sufficient as a yearly capital expenditure on railways, the purchasing value of the rupee was very much greater than it is at present. I do not think I am exaggerating when I say that the purchasing value of the rupee as against railway stock and such materials as are required for our railway construction is not greater than half what it was at that time. Therefore, when we see a figure of 22 crores in the Budget on capital account for railways, I do not think we should be unduly elated, and if I may say so I think that, considering the purchasing value of the rupee, the amount is far less than it should be. If I am right in assuming that the purchasing power of the rupee is only 50 per cent. what it was when the Mackay Commission sat, when the capital expenditure this year should be, not 18 crores of rupees, but 36 crores. But there is another consideration which also should tend to make Government increase the amount that it is going to spend on railways, and that is, the fact that during four years, 1915 to 1919 only Rs. 20 crores was spent, whereas under the Mackay programme Rs. 72 crores should have been spent. That of course was nobody's fault. The reason was that, because of the war, materials could not be provided, but the fact remains that on account of the war India in these four years has spent Rs. 52 crores less on railway capital construction than she would have done if she had been able to spend the amount which was recommended. Therefore, that is another argument for my proposal that 22 crores is very far short of what should be spent. Now, Sir, in the year

1917, Sir Hugh Bray pointed out that railways were making a great deal of money and that they were putting by no reserve, and at the end of the war when it was possible to spend money it might be difficult to get hold of that money. And in 1918, Sir William Meyer provided a certain sum, £20 million, which he called a special reserve, and he said about it :—

'Lastly, when peace conditions permit the resumption of the Railway Capital Programme on a scale necessary to provide adequately for requirements—and this will involve making up a lot of leeway in respect of the compulsory cutting down of that programme during the war—we shall probably find some difficulty in raising, on reasonable terms, the amount of capital which would be required.

'We propose, therefore, as against our temporary borrowings on Treasury Bills here, and in view of the satisfactory financial position of India as a whole, to invest £20 million in Home Treasury Bills in order to provide for the liabilities which in one way or another will come upon us shortly after the war is over.'

"Now I think this was generally recognised by members of Council, both official and non-official, and was accepted by Sir William Meyer as an actual reserve to be put by when money could not be spent on capital expenditure to be spent on capital expenditure in future. That Sir Hugh Bray imagined this to be the case is clear from what he said :—

'It is therefore, my Lord, with unbounded satisfaction that I find that he has had such a good year that he has been able to make restitution, if as I hope I do interpret correctly what he said on the 1st March and I trust that the reserve he then referred to may be so ear-marked, so tied up, that it must be spent on Railways only and that next year it may be possible to provide even a further reserve.'

'And Sir George Barnes said :—'I cannot, however, pass railways by without emphasising the great importance of the special reserve fund of £20 million sterling which is being made this year. This provision will enable us to embark on fresh railway construction directly materials are available.'

"I think from those extracts, Sir, it must be evident that this £20 millions was regarded as being put by as a special reserve to be spent on railway construction, not as a part of the normal railway construction programme of the future, but in substitution of what had not been spent in previous years. It was regarded therefore as an addition to the normal expenditure. Now, Sir, I have been trying to find out where this £20 million has gone to. I find that £13½ millions of it disappeared in the year ending March 1919, and the other £7 millions, as the Hon'ble Member told us in his Financial Statement, has disappeared during the last year. Well, Sir, the railway capital expenditure in 1918-19 when the £13 millions disappeared, was *Nil* as far as England is concerned. In 1919-20, it was, I think, somewhere about £10 millions. But that presumably was capital expenditure out of the sum which had been otherwise laid apart in the Budget for capital expenditure on railways. I think therefore there should be some explanation as to why this £20 millions, which was put by as a special reserve for expenditure on railways over and above the normal railway expenditure for capital has not been spent on railways.

"Then, Sir, I come to a few special points about the railway budget I am very sorry to see that Burma is treated so badly. This year, I understand from the figures before us, that the amount to be spent on new railways in Burma is only Rs. 3 lakhs. Now the position, as I understand it, in Burma is that there is only one mile of railway for 144 square miles of country. In India there is one mile of railway for 35 square miles of country.

"Now there is something very wrong about that, that the proportion in Burma should be so much less than it is, and there are, I understand, two very important Burmese railways which are practically ready for construction at present. I refer to the Pyinmana Mergui Railway which is part of the Indo-Burma route by Chittagong and the Moulmein-Ye Railway which connects Northern Burma with Southern Burma. I hope that Sir George Barnes or Sir Arthur Anderson will be able later to tell us why such a small amount has been allotted to railways in Burma, and whether some considerable sum cannot be allotted to these railways and to these special railways out of the unallotted sum which is in the railway construction programme.

"As regards Bengal, Sir, we press for the further construction of the broad gauge on the Calcutta-Darjeeling line and for the Hughli Bridge. The answer which Sir Arthur Anderson gave to me the other day regarding the Hughli Bridge was that it had been surveyed and that soundings were being taken. I hoped something further from him and I hope that he will be able to say that it is the intention of Government to proceed with that bridge and with the railway bridge connecting the two sides of the river with the greatest possible despatch.

"Then, Sir, I come to railway revenue and expenditure. Now, in pre-war years, 5 per cent. was regarded as a very fine revenue for the railways, a very fine return on the capital. During the war this rose and the reason that it rose was because the receipts from increased traffic were so much greater and because it was impossible to spend money on repairs and renewals. It rose to 5·79 in 1916-17, 6·55 in 1917-18 and nearly 7 per cent. in 1918-19, and I make out that the railways saved some 20 crores of rupees during those years which went into the common purse and which to my mind and in the opinion of a great many other Members of this Council should have been ear-marked to railway expenditure. This year, Sir, we find that the amount to be spent on railways has largely increased and gone up to 50 crores of rupees from 37 crores in 1918-19 and 45 crores in 1919-20. I hope that the Hon'ble Sir Arthur Anderson will be able to tell us later how much of this increased expenditure is due to normal increase of running costs, that is to say, such matters as increase of staff, increased cost of coal, and so on, and how much of it is going to be devoted actually to repairs and renewals, because there is no question about it, and I am sure he will admit it, that the position regarding Indian railways with respect to repairs and renewals and the general condition of the railways' rolling stock is very serious. Now we have had an example during the last two or three months of the complete inability of the Indian railways to carry the traffic that is tendered to them. We have had blocks all round; we have had complaints from coal; we have had complaints from almost every source; and the reason is simply because the railways are not up to trim. I do hope, therefore, that we are not to regard this 5·51 per cent. which it is proposed to make out of railways this year as a permanency, and that, as soon as possible, the Government will make an attempt to utilise the money which they receive over and above what may be called the normal of about 5 per cent. for the benefit of railways.

"I did not intend to speak, Sir, on the question of Reverse Councils and exchange, but there are one or two points in the Hon'ble Sir Fazulbhoy Currimbhoy's speech to which I would like to draw attention. He said that in Bombay among the Indian community Reverse Councils are generally condemned. As far as Calcutta is concerned, I think that the opinion in favour of an adverse to Reverse Councils is about equally divided; but that is a matter of opinion.

"There is, however, a point of fact regarding which he has spoken. He said that higher exchange has not resulted in advantage to users of imported articles. Now, Sir, ordinarily speaking, I do not think there is any doubt about it that a high exchange or rather a rising exchange is of great harm to exporters, but, under the present circumstances, I doubt whether the fact that exchange is rising has been nearly so harmful to exporters as it would have been had conditions been normal. Prices are exceedingly high, the prices of all articles are high, and since I disagree with him that higher exchange has not resulted in advantage to users of imported articles, it follows that had exchange not been high, we should have had a still greater increase than we have had in the cost of imported articles. An instance of this would be an ordinary pair of imported *dhoties*. Imported *dhoties* with exchange at 2*s*. 10*d*. cost Rs. 5-8 per pair; were exchange to go down to 2 shillings they would cost Rs. 7-8 per pair. Now, Sir, if under present circumstances the rupee was to go down to two shillings or even lower, I maintain that to the general people of India the result would be far, far more serious than if it remains somewhere in the neighbourhood of what it is. Who is it who has benefited by high exchanges or by low exchanges. The man who has benefited

by high exchanges is the man who is living on a paid wage, generally the very, very poorest in the country, the labourer who earns his three or four annas a day and another class who is not generally regarded as poor, but who is in fact almost as poor as the labourer, the clerical class. They would have to pay, if exchange went down, and went down appreciably, very much higher than they do for every imported article that they consume. On the other hand, if exchange goes down, the people who will be benefited will be the people who actually produce the produce of the country, the *raiyats* and people of that class, and prices of produce are so high at present that I do not think they can complain very much if the prices of the articles which they produce did go down. I therefore think, Sir, that there are those two sides to the question, and that at the present moment it is very doubtful whether you can say that a high exchange is really adverse to the great majority of the peoples of India."

The Hon'ble Raja Sir Rampal Singh:—"Sir, the questions of exchange and currency, the sale of Councils and Reverse Councils, and the gains and losses accruing therefrom are too technical and complicated to let me have an insight into their intricacies. To a layman like myself, who can only take a superficial view in such matters, the gain of 11¾ crores in these transactions is a source of satisfaction. But the natural inquisitiveness remains unsatisfied as to the question whether the losses sustained were avoidable or not? I hope there may be no ground for alarm over them as I trust there must be in them also 'an element of artificiality' as is the case with the 'gains.'

"I feel bound in justice to offer my mead of praise and appreciation to Lord Meston for the skill and accuracy with which the Budget estimates of the current year were prepared under His Lordship's guidance. No one could have forseen at the time the Afghan War and the consequential military expenditure that had had to be incurred in its prosecution. In fact, it throws a still greater credit on the caution and foresight that were brought to bear on the preparation of the estimates, for otherwise the amount of deficit would have been much higher than £14⅓ million. Howsoever much we may deplore the Afghan War that was wantonly forced upon the Government, there is absolutely no reason to grumble over the expenditure that it had cost us. It is well and just that the subsidy which used to be paid had been stopped and I hope it shall never be renewed. It is a cause of just and real resentment and of extreme disapprobation that, pampered by the subsidy which India had been providing her and to the outrage of all moral obligations, Afghanistan should have had the audacity to wage war with us without any provocation whatsoever. It is an ample proof, if proof were needed, that no canons of morality can stop people from having their cupidity excited when times are propitious to have territorial aggrandizement. It is for this reason, Sir, if not for others, that I would most strongly deprecate any large diminution in our military strength or in its efficiency. As long as human nature is what it is, the evil of keeping a strong military establishment shall have to be maintained.

"Sir, this is the last Budget of its kind under the existing system of division of revenue and expenditure between the Central and the Provincial Governments, and the first from the hands of the Hon'ble Mr. Hailey, our new Finance Member. I may heartily congratulate him on his lucid exposition of the Budget figures for the coming year. Barring the complications of exchange and other such like transactions which are, as I have observed above, too technical to me, the estimates and the explanatory notes attached thereto are quite intelligible even to a layman, and he can well appreciate the skill, caution, sympathy for the people with due regard to the requirements of the situation, with which they have been prepared. One can with difficulty fairly indulge in criticism and find fault with the Budget. It is a matter of much gratification that no recourse to any new form of taxation has been taken. The abolition of the excess profit duty and the alteration of rates in the levy of supertax is in the right direction and will help industries and joint stock concerns to build up their reserve Capital and thereby strengthen their position.

"On the expenditure side in Imperial Budget the most important items fall under Military Services, Railways, and the New Capital.

"If regard be had to the poor resources of India and the pressing needs of the moral and material development of the country the Budget provision of £40 million for military services appears to be too big. But, Sir, that very development largely depends upon security which these services provide from external aggression and internal commotion. It would be amiss on my part to grudge this amount. In the present circumstances through which the world is passing it would be suicidal to think of any curtailment in the strength or the efficiency of the Army. The Finance Member has not only explained the situation, but has also emphasised the facts that would have to be kept in view and which would most assuredly entail high expenditure on these services in future. Without in any way recommending any dimunition in the strength or efficiency of these services, I would strongly urge that they may be Indianised in a much more liberal and sympathetic manner than is the case at present. In every branch of such services, from bottom to top, there should be a far larger number of Indians than at present. It is only in this way that economy can be effected, and I cannot lay too much stress on the acceptance of this policy.

"The second Capital outlay is proposed to be on Railways I have not a word to say against the proposal. It is a patent fact that during the War the expenditure on them got a set-back and much lee-way has to be made up. I am not prepared to deny that much of our progress depends upon greater facilities of communications, and the greater they are extended in proportion to our means and needs the greater the prosperity of India will flourish. But, Sir, as the things at present prevail before the extension or the opening of new lines, I would very strongly advocate the removal of the terrible inconveniences due to overcrowding to which the passengers are subjected in railway journeys now-a-days. The Railway fare was enhanced during the War and yet no relief in that respect has been given, and to make matters worse the public does not enjoy even half as much comfort as it had in pre-war times. I only pray that the Government will see to that before extending further lines.

"The allotment of £580,000 for irrigation is too small, but the Hon'ble Finance Member has cut at the root of any criticism on this item by a statement that this is all that the Public Works Department can spend in the coming year. The importance of expenditure under this head cannot be over-exaggerated. I wonder when the scheme for Sarda canal for Oudh will mature. My Province is now very much interested in it, and the sooner the work is taken up the better.

"It is needless for me to say that I am one of those who support the present elevated position of Delhi, and so I have no reason to disagree or to criticise the allotment of Rs. 110 lakhs for our Capital.

"Sir, it appears to me that the grievances of the postal subordinate services as regards their salaries and emoluments are real, and I only hope that something will be done to ameliorate their condition in these hard times.

"Sir, inthe future the battles for education, sanitation, Medical relief, and Agricultural and Industrial development are to be fought in Local Councils and I need not refer to them here. It is a matter of great satisfaction that the Government of India now fully realise their importance, and as the circumstances permit liberal allotments are made under those heads. We the people of the United Provinces under the guidance of our popular and sympathetic ruler Sir Harcourt Butler are re-organising the old University, and are founding new ones, and it is my earnest prayer that the Government of India will see their way to give us financial help to bring about those schemes into fruition, and further that, when they allot any funds to the Universities of other Provinces, the claims of my Province will not be overlooked.

"In the end, Sir, I feel bound to offer grateful thanks on behalf of my Province to the Finance Member and the Government of India for affording relief to the Provincial Governments to the extent of 11 crores of rupees. I hope my Province will receive an equitable share in it. The concluding words

of paragraph 24 of the Budget statement will be very highly and gratefully appreciated by the Province but, I am afraid, that consummation will depend upon Exchange which has always troubled our finances from a long long time without any permanent solution. Whatever the case with exchange may be, I strongly hold that the Government of India should become self-supporting and no contributions should be taken from the Provinces unless any special emergency might arise"

[At this stage the Council adjourned for Lunch.]

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I did not have the good fortune to listen to the Hon'ble the Finance Member when he introduced the Budget as I happened to be away at the time, but on my way back to Delhi I came across an Anglo-Indian daily paper in the train, the leading article of which in its comments on the Budget began saying that it is customary for members of the Council when speaking on the Budget to compliment the Finance Member on the lucidity of the Financial Statement, and inquired whether that pleasant custom would be observed on this occasion. I had not then seen the Budget and I was wondering what was meant. I thought that probably the Financial Statement would be a very abstruse document which would be very unintelligible to a layman like myself, but after I had returned to Delhi and perused the Financial Statement, I confess that I found no justification for that comment and I have no hesitation in congratulating the Hon'ble Mr. Hailey on the lucidity and luminous presentation of the subject. We differ from him in many matters, in his conclusions, in his premises, but I do not think that anyone can complain that the Budget lacks any perspicuity of statement. I also thank him, Sir, for his skill and ability, if I may say so, without impertinence, in avoiding any further fields of taxation. The variation in the incidence of the super-tax which as he says, is merely a re-arrangement is not a new tax at all, and I do not think that we have any reason to take serious exception to that.

"Coming to the Budget, Sir, taking the revenue side, I have two remarks to make. In the first place I see that no steps have been taken, no real endeavour has been made to secure any portion of the huge war profits, the enormous fortunes that have been made out of the war by individuals who could have had no expectation to make a fraction of this and who could have no valid objection if the State appropriated some substantial proportion of these profits.

"The second remark which I have to make is in regard to the gain by Exchange.

"There is a cryptic passage in the Finance Member's statement on page 126 which says 'two months ago indeed it looked as if the figure would be very much higher, but the large sales of Reverse Councils which have been and are being made have considerably reduced the total anticipated for the year.' Sir, I confess that I do not understand this, it may be due to my not being acquainted with economics, but I do not follow why this heavy loss should be incurred and I do not see why we should continue to sell these Reverse Councils. Does anybody contend that there is an unfavourable balance of trade against us and that the creditors were insisting on immediate payments, or is it a case whereby we are profiting by these sales?

"I think, Sir, that Government should have accepted the policy that was laid down by the Chamberlain Commission that trade interests in themselves are no justification for Council drafts. I think this argument applies in regard to Reverse Councils too. I would be very grateful, therefore, if a little light could be thrown on this point as to why we should continue to sell Reverse Councils. We hope to have an explanation on this point presently when we shall have a resolution on the matter later.

"Coming to the expenditure side, Sir, my first complaint is that you cannot claim to be credited with a really keen desire to scrutinise the items of

expenditure. The Government did not see their way to accept the humble suggestion I made the other day to set up retrenchment boards on the lines existing in England. Sir, far from there being any retrenchment visible in the Budget, I submit that there is a steady and perceptible rise in all departments, civil as well as military. As regards the military budget items, I shall make a few remarks presently. Just at the moment I would call attention to a passage in the memorandum by the Finance Minister in which he says 'the dominating feature on the expenditure side of our Budget is the high figure which we have been obliged to insert in the military account'. Sir, this is very significant and I shall make a few remarks on it presently. Now taking the civil side, I confine my remarks to the Imperial allotment only, where we find that in every department there is a steady rise. Take the general administration, we find in 1916-17 the expenditure was Rs. 1,14,09,186. Thus in the present Budget it rises to 1,43,90,000 and the revised figures may exceed even this Then take the Secretariat. In spite of the much talked of decentralisation, every year there is a steady increase from Rs 38,11,699 in 1916-17 to Rs. 49,56,000 in the present Budget. The Medical expenditure in 1916-17 was Rs. 11,79,478 and in the present Budget it is Rs. 17,67,000. In Ecclesiastical expenditure there is a rise from Rs. 19,25,359 in 1916-17, to Rs. 22,10,000 in the present Budget. Well, Sir, if you go on at this rate what is going to happen to the country, and unless you apply your pruning knife to these subjects, I am sure very little will be left for the subjects on which the amelioration of the people depends ?

"We find, for instance, no provision for redressing the sufferings of the people due to high prices. I do not know if any action is contemplated to be taken in regard to food. We had the other day a Reuter's telegram to the effect that the supplementary estimates in England provided for £6½ millions of additional bread subsidy owing to the increasing loss of selling the quartern loaf at 9 pence, and that this brings the total subsidy for 1920 up to £56½ millions. Have we spent a pice for cheapening the staples in this country in these hard times ? Then while education, technology, agriculture do not come in for any share at all, we find that we have more than made up for the deficiency in these subjects in our liberality as regards the railway allotment. Sir, last year some of us objected to the record figure of £18 millions that was provided for railways by Lord Meston, and our objection to this was commented on adversely by Anglo-Indian critics. I remember seeing in a leading article of the 'Statesman' that my remarks were ridiculed and I was charged with inconsistency. It may be that we were wrong and the leader writer of the 'Statesman' was right, but Sir, what have we got for that huge sum? We are told by the Hon'ble Mr. Hailey that the revised statement of expenditure out of these £18 millions is £14·5 millions. Now we have a right to ask, Sir, what have we got in return? We were promised improvement of railway transport and travelling facilities. We were led to believe that if that allotment was granted there would be no dearth of wagons and trade would not suffer. Now what have we got? Is travelling any cheaper to-day? Have the passenger fares been reduced to pre-war levels? The complaint last year that was made by my Hon'ble friend Mr. Sarma was that in the disposal of applications for wagons there was a good deal of complaint. Has that been removed? Is the scandalous over-crowding of third class carriages removed to-day? Far from that being the case, Sir, I have seen the other day even second class carriages packed full and third class passengers still continue to be shipped in cart-loads in goods wagons. And as regards transport facilities, coal is very scarce in Calcutta owing to the difficulty in getting wagons. The other day in reply to a question by my Hon'ble friend Rai Sita Nath Ray Bahadur, who is unfortunately absent to-day from the Council Chamber owing to illness, the Hon'ble Sir Arthur Anderson said that although consideration had been given to the question of reverting to the pre-war level in passenger fares, Government did not undertake to do so. Sir, we are to-day budgetting for a yet higher figure. It is just possible that experts may be satisfied, that these £14·5 millions have been well spent, but it will appear nothing short of a

riddle to the ordinary man that even after spending £14·5 millions, there is no improvement at all in travelling and in railway transport. Let us possess our souls in patience and hope that after expending these £18 millions and 4½ crores our position will be improved.

"Then, Sir, I come to Delhi. I will not frighten the Council by the threat of another debate on the question of the transfer of capital. I shall simply call attention to one circumstance. Sir William Vincent in answering my motion that Calcutta should be made the Capital again, said three things, in the first place he said the notice received of my amendment was very short, only two days . . . .

The Vice-President:—"Order, order, the Hon'ble Member must confine himself to the principles of the Budget."

The Hon'ble Mr. Kamini Kumar Chanda:—"I was basing my comments on the budget on his argument. He said that he had not time to go into this matter, and he said a new Council would come into existence a year hence, and therefore it was better to leave these things alone. I said in view of this argument, was it wise and prudent to spend ₹1,10 lakhs this year? Why not confine your endeavours, as you have done for the last four or five years, simply to carrying on, and leave this question to be decided after the new Council comes into existence? That is what I meant to refer to. I say it is not wise to commit the mistake that was made in Dacca. Even with the growing opposition to the ill-fated partition of Lord Curzon, Government went on spending lakhs and lakhs on buildings at Dacca and what was the result? After sinking crores of rupees in Dacca the whole thing collapsed, and His Majesty the King Emperor was pleased to reverse the policy. My submission therefore is that as regards Delhi you should not spend this amount, but should simply carry on and see what attitude is taken up by the new Council and what decision is come to by His Majesty's Government.

"Then, Sir, coming to the military budget, I say nobody can contemplate the figure without getting giddy. In four years' time we have nearly doubled the budget. We are providing £40 millions, that is nearly the total of the whole of our land-revenue and our revenue from railways, the two largest sources of income. Sir, what is going to happen? Well, it must be remembered that this is being provided for not in view of any threatened invasion of the country or any menace of war, but we are budgetting for a year of peace, a year ushering an era of peace after the greatest war in history has been fought and won to put an end to war, with the result that we are saddled with this colossal figure; and this in a year of profound peace in a country where half the population does not know what a full meal means. I say this is a mockery, Sir. I shall mention one passage from a leading article in 'The Leader,' a well-known exponent of moderate views. It said:—

'It is a still more melancholy thought that while this colossal amount is being spent the people of India are rigidly kept down to the lowest positions in the Army, and that after all these generations of British rule and the many and various proofs of both valour and fidelity that they have given, the policy towards Indians continues to be one of petty and unworthy distrust and there is yet no serious thought of doing them elementary justice.' The Hon'ble Mr. Hailey says in his narrative at page 139 'the expenditure in the current year is estimated to exceed the specific provision in the budget by £9,110,000.'

"If you refer to the figures you will see that the bulk of it goes to the English soldiers, and only £400,000 to the Indians.

"Mr. Ramsay Macdonald in his recent work expressed the opinion that unless Great Britain took a legitimate share of the military charges placed on the Indian estimates, there would be nothing left for internal amelioration in India.

"I submit, Sir, that England should certainly look upon our military expenditure as an Imperial burden. The benefit of it innures to Great Britain in times of crisis and the basis of it is not determined by mere defence of the country considerations.

"We were told, Sir, that in November last a sub-committee of the Executive Council was appointed to look into the matter and scrutinise the causes which have led to this excess expenditure. We are grateful that it was considered necessary to appoint a sub-committee of the Executive Council to consider this matter. That means that the sub-committee must have consisted of at least one non-military Member. I complain that there is nothing to show why some non-official Member of this Council could not be associated with that sub-committee. Sir, if an Indian soldier, a Member of this Council, or a Bengali civilian, is considered competent enough to have a seat on the Army Commission, I do not see why you could not have an Indian non-official Member from this Council or from outside to present the Indian side before you. Military expenditure after all is determined by questions of policy, and I submit that it was absolutely necessary that the Indian view point should have been presented to you.

"With regard to the balance of the special war contribution, there will be a Resolution on the subject and I reserve my comments under that head.

"These, Sir, are my humble remarks with regard to the Budget."

The Hon'ble Mr. Srinivasa Sastri:—"Sir, there are many things in the Hon'ble Mr. Hailey's Budget besides its lucidity of statement on which he may well be congratulated; but I think that, instead of paying compliments, if one brought his complaints before Mr. Hailey, he would be only the more grateful. I am bringing a number of complaints, not all of them remediable I fear. In the first place, I would remind the Council that in September, 1918, we discussed a number of Resolutions arising out of the Public Services Commission's Report. In the course of those discussions the non-official Members of this Council objected strongly for the reasons stated then to the proposed increments to the salaries, allowances and pensions of the better-paid services in this country. Of course the Resolutions were negatived; that follows from the composition of this Council, but that does not relieve us from the duty of entering a protest against the way in which, notwithstanding our opposition, these increments to salaries, allowances, and pensions have been granted. They have been granted on an extremely lavish scale, and, as this is the first opportunity that a non-official Member of this Council has of entering a public protest against that course of action, I venture to do so on this occasion. There are many services still clamouring for such increments. The increments have been granted already in the case of the better-paid services; the lower-paid services have had their complaints referred to Committees sitting in the various capitals of the Governments to consider the matter. I am sure their recommendations will also result in a very considerable drain on the resources of our exchequer. I would not make a complaint, Sir, in the case of the lower-paid services; they have been very hard hit, indeed. The increments are perfectly legitimate in their case, and I for one shall strongly support any proposals that may be made to relieve their hard lot. As to one of these services there is a remark not altogether of this general character which I must make, *i.e.*, the Medical Service. That service stands on a very peculiar footing. We recommended on the occasion that I referred to that the civil and military branches of the profession should be separated. That would have involved no doubt additional expenditure, but the moral and material blessings to the poorer population of our country would have been so immense that we should have welcomed an additional outlay on that item. The matter is still under consideration, and all I can do is to press the matter again while still it awaits solution.

"A word, Sir, about the postal and telegraph services. Complaints come from both these branches of this mixed service. It is extraordinary that the small postal employees are paid on a considerably lower scale than the telegraph employees. Nevertheless, there is great complaint coming still from the telegraph branch of this mixed department. I would ask the members

concerned, Sir George Barnes especially, to inquire into the reasons for this disparity between the scales of salaries in the postal and in the telegraph branches of this department. I cannot explain it, it is very hard to explain, and every inquiry that I have made results in this somewhat disquieting consideration that the employees of the telegraph Department are drawn from a certain community in the main, while the employees of the postal service are drawn from the general community, and that the community that supplies recruits to the telegraph service are to be treated by the policy of the Government on a specially discriminatory basis. If there is any truth in this I think it is a matter which ought to be set right immediately. It is certainly questionable that in the public services of our country any discrimination should be made between community and community.

"Then, Sir, I must refer, although perhaps I shall be accounted somewhat eccentric and obstinate, to this question of the Simla exodus. It seems to me that the time has come when we must make as emphatic a protest as possible in the name of the Indian tax-payer against a system which allows the Government to transfer itself root and branch from one place to another twice a year. At any rate I would, as the Hon'ble Mr. Chanda did, ask the Government to place the matter before the Legislative Assembly when it meets next year and take its judgment upon it before they perpetuate this system and undertake any large building operations in Simla.

"The Hon'ble Mr. Banerjea referred to a question of educational policy and advised the Government to wait until the new ministers shall have had time to consider the recommendations of the Sadler Report. I take it that Mr. Banerjea and I are at one in thinking that there are considerable parts of that report which must be carried out, whether by the ministers that take charge of the Education Department or by the Government of India before they so take charge. Still I think there is considerable force in the contention put forward by him that as in most other matters he who calls the tune must pay the piper. If the Government of India are going to carry out the recommendations of that committee in respect of the intermediate and secondary departments of education before the ministers shall have assumed charge, I think it is but fair to ask that the financing of that large measure should be undertaken by the Government of India. Mr. Banerjea spoke only on behalf of his own province; but as I happen to know that measures of an analogous nature may soon be introduced into the administration of education in other provinces, I think it is but fair that I should state on behalf of other provinces as well that the Government of India had better wait before they go forward in this matter. Let them leave the decision of these large questions to the future departments of education which will be accountable to the legislature.

"Now, Sir, the Council must have listened with great interest and appreciation to the eloquent and moving plea made by Mr. Banerjea for the institution of a territorial army in this country. I make no doubt whatever that to a certain section at all events of this Council the appeal came with extraordinary force and cogency. Everybody objects more or less—I am afraid even the Hon'ble Mr. Hailey is no exception—to the leaps and bounds, with which the military expenditure of this country is going on. Whether it is inevitable or not—as he says it is inevitable—whether that is so or not, I can undertake to say on behalf of the people of India that they would be more than half reconciled to this enormous expenditure if they were assured that that expenditure was incurred with the fullest possible justice to the aspirations of our country. If, for instance, there were free admission to the commissioned ranks of Indians instead of there being the pitiful figure of 30 at the present moment as contrasted with thousands of non-Indians if they were admitted to all the forces in the Army, if there were military colleges on the model of Sandhurst to train our young men in, if in these ways it was made clear that the expenditure on the forces in this country came back in a sort of way to the benefit of the people themselves and established their defences on the only satisfactory position possible, namely, that the army was more or less national, then as I say we might be more than half-reconciled to this burden-

some expenditure on the Army. But there is no sign whatever, there is the faintest sign which is almost negligible, that a real change in the policy of the military department is afoot. I am looking in vain all round to see that those who have the conduct of affairs in the military department are really making a serious effort to alter the basis of the army. There is a good deal of promise, much amiable sentiment that one often hears, but as to actual measures set on foot for seeing that justice is done to the aspirations of the people of India in that direction, I must say that the evidences are as yet scarcely discernible. I had intended to make a personal appeal to His Excellency the Commander-in-Chief. We are all impressed by his sense of justice, by his generosity, by the liberality of his views, by his amiable disposition. I do hope that we are not adding unduly to the burdens of the great office that he has borne during these troubled times, but it does seem to me that the chances are very few indeed of a large and liberal measure being initiated in this department if he does not himself take drastic steps to review the whole situation while he still holds the reins of the military department.'

"There is one question about which I had not intended to say anything at all, the question of railways. I have during the last few years come to look upon railways as one of our financial assets. The old argument that the railways were a white elephant in this country no longer holds good. We therefore look with something like complacency on the large outlay provided in the present budget to push forward the railway programme. I would not myself have quarrelled with it, but the Hon'ble Mr. Crum in some remarks that he made on this subject has aroused my alarm to some extent. He seemed to think that the provision made, although considerable, was hardly sufficient and he would be glad if the Hon'ble Mr. Hailey surrendered to him what he considers the profits of the last few years, which the general purse has assimilated. The Hon'ble Mr. Crum may remember that for a long series of years in this country the railways were maintained out of the public purse; it would take a very long series of years indeed before the railways made good the amounts that they have consumed out of the tax-payer's contributions. If their losses were in former years made good by the general tax-payer, the tax-payer may well expect that in the years when railways are a paying proposition he should also come in for a share of the benefit. I am not, Sir, in favour of fixing the tax-payer's share at 5 per cent. or 5½ per cent. rigidly; it must be left to the Government of the time to determine how much of the profits accruing from railways should really be appropriated to the benefit of the general revenues.

"A point that we used to make in former times when considering the budget is the relative proportions of the revenues raised which go to railways and to irrigation. We used in the old days, as I said, when railways were a losing concern always to say that if instead of treating the railways on a specially favoured footing Government only directed their attention to large irrigation programmes, they would not only be benefiting the people of this country, but would likewise be benefiting themselves for the irrigation programme would lead to a growth of revenue. Now, I am somewhat concerned to find on turning over the appendix that there is not a full statement of the case for irrigation. The expenditure on irrigation stands more or less where it did; and the only explanation forthcoming is that the Public Works Department are not quite prepared yet to undertake any further schemes. Now, I think a fuller statement of the case would be required. I should ask the Hon'ble Sir Claude Hill if he could, when making his statement to-morrow, say precisely what were the recommendations of the Irrigation Commission of a few years ago, what were the projects which they recommended, how many of those projects have been undertaken, to what extent have they been carried out and what further projects have the Government in view to redress the balance that has always been tilted against irrigation? A statement of that kind, Sir, if it could be made, would be exceedingly instructive and would help both Government and the people to understand where exactly lies the justice between the competing claims of railways and irrigation."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, the Hon'ble Mr. Hailey has succeeded to a very troublesome inheritance, and every sympathy must therefore be manifested in dealing with his first budget. But one need not look with that particular idea into the Budget to see very many points for approval and commendation in the statement presented on the 1st of March. I would congratulate him upon the fair estimate of the growth of revenue he has made a departure from previous practice. He has no doubt been cautious in budgetting for a small increase, but, I think, we must congratulate ourselves that he has seen his way to do what he has done, otherwise taxation would have been the result. The 1917-18 accounts showed that the revenue was £112 millions, and yet in 1918-19 the budget estimate was only £109 millions. But the actuals turned out to be 123 or £14 millions better. Then the Budget for 1919-20 was fixed at a low figure, namely 123, and the revised estimate is 129, so there is a growth of 6, and therefore I am perfectly right in stating that the caution has been carried too far during previous years, and we are therefore very thankful for a healthy change.

"There are one or two other points also upon which we can congratulate the Hon'ble the Finance Member. In the first place he has seen his way to allowing the provinces to budget for an increase of about 103 lakhs in Education. We are also thankful to him for the grant of 5 lakhs to the public health funds, 750 lakhs to the All-India Medical Research Institute, for the provision for a metallurgical institute and a small provision for industrial development, and I hope that the expenditure proposed in the Bureau of Commercial Intelligence will be found insufficient in practice and that it will be considerably increased.

"But if I have said this in favour of some of the salient features of the Budget, it would be wrong on my part if I were not to draw the attention of the Council to the fact that the peoples' complaint that very little has been spent upon the tax-payer, upon the poor man, during the last few years when the revenue has grown enormously, is not altogether an unjustified one. If we turn to the total revenue between 1913-14 and the present year, we find that there has been a growth of Rs. 76 crores, from 117 to 193, or about 59 per cent., and yet it must be confessed that on subjects which directly concern the poor man or the State's future growth, namely, Education, Sanitation, Agriculture and so on, I have not been able to see an increase of more than Rs. 6 to 7 crores. 6 or 7 crores as against Rs. 76 crores must be admitted by all Hon'ble Members to be a very small fraction indeed. But I think no good purpose would be served in proceeding to a further analysis of these figures because this is the last year of the old era, and we shall have to look to changed circumstances, and it is from that standpoint that I shall look at the present Budget.

"Well, Sir, turning now to the question of Political Departments, may I ask as to whether the Government of India cannot secure for this country a small reduction in the growth of this political expenditure. Between 1913-14 and now, there has been a growth of about £ 870 thousand. Part of it is due to Persia, part of it to the North-West Frontier Province and so on. I shall not go into the details,—but it seems to me that in view of the changed conditions in Central Asia, in view of the constitution of new Republics or new monarchies, in Arabia, Syria, Mesopotamia, Palestine and so on, in view of the enlarged sphere of the Allied powers in Africa, there seems to be no reason why India should continue to bear the political expenditure in Aden, Persia and so on. She would have to share, certainly, but I see no reason why the whole of it or a large part should be borne by her. If I am wrong I hope to be told so.

"Then, again, there is one small point with regard to civil furlough. I notice that from 302 thousand the budget figure has risen to £800,000. This is rather a large increase. The 1913-14 figure was only 451 thousand. I am aware there are a number of officers who ought in the ordinary course to have gone on leave have been in this country from patriotic motives and otherwise and that some facilities should be given to them, now, but still I think, Sir, that this is too large an estimate, rather too large a provision under that head.

"There are one or two resolutions of mine connected with the propositions arising out of the Budget and I shall not therefore take up the time of the Council by dealing with Currency, Exchange and other matters, but one thing, Sir, I may be permitted to say and it is this. One great principle which I think was unwisely accepted in the beginning of the war and which has led to considerable trouble here, is the principle of accepting payments from the Home Treasury in England for goods—which are delivered here on behalf of His Majesty. It might have been extremely convenient, no doubt, but there is not the slightest doubt that it has led to a sea of troubles, and there appears to be no reason whatsoever why the future Indian policy should not be in favour of payments for whatever goods may have to be contracted for on behalf of His Majesty's Government in India for payment here. I think that so long as the centre of gravity is not shifted to India, we will have these troubles always hanging over us, and there seems to be no reason why even at a loss in the beginning we should not agree to pay only in India for articles which are deliverable in India and receive payment only in India for articles which we supply. If that had been done, I think many of these juggling expedients which the Government had to resort to necessarily would not have been found necessary.

"Then again, Sir, everybody was aware in the early stages of the war that exchange would have gone adversely to Great Britain in America if there had not been an agreement between the two Powers for the purpose of stabilising it for the better prosecution of the war, and every one must have seen—at any rate, financiers must have seen—that with the huge debts that were growing, with the artificial credit that was being given, with the enormous sums which the Banks could manipulate, and having regard to the fact that the future resources of Great Britain were being drawn upon, there would be trouble about exchange after the war.

"And yet I will not blame the Government of India because I take it that they have acted only under the commands of the India Office and in this respect the one reason that I know why the India Office wishes to retain control over financial matters is, that there is not sufficient expert opinion here to assist the Government of India. In England, the Government have from day to day the assistance of financiers of the greatest ability, bankers and other experts, theoretical as well as practical, and it is for that reason that for several years the India Office has overruled the Government of India continuously on different occasions in their financial policy. If that was so, Sir, should not these great financiers have advised the Secretary of State that there would be an inevitable fall after the war, and should they have advised then the Government to invest monies in British Treasury Bills or Securities? Is it not just then that they bear the loss of about 40 crores of rupees in Paper Currency and about 20 crores, I think, in Gold standard reserves? If they are to do justice by India I hope care will be taken by the India Office not to overrule the Government of India readily and not let so much store by the expert advice they possess to run counter to what may possibly turn out to be to the best interests of India. There is one subject, Sir, that is uppermost in my mind and that is the question of Army expenditure, and I will come straight to it at once. I was very sorry to hear that the Hon'ble Mr. Hailey is somewhat pessimistic as to whether he would be able to secure for the people the acceptance of a smaller military expenditure than is budgetted for the coming year. Complaint may legitimately be directed by the people and the Hon'ble Members of this Council to the discourtesy that has been shown to them in keeping from them the details of the military expenditure, as if they were State secrets, the disclosure of which, even after the war, would result in disastrous consequences to the future of the British Empire. I had asked for these figures and I was told that they were sufficiently given in the Financial Statements whereupon we could build up our own theories. Sir, it is absolutely impossible for India to be satisfied with such an attitude. I could understand this reticence during the period of the war when any military secret disclosed might prove disastrous, but surely to urge it in this year of grace 1920, seems to me to be absolutely without any justification. However, I shall try to

make what little I can out of the figures that have been furnished. I find that in 1913-14 the expenditure was 12 crores 22 lakhs under regimental pay, etc. There has since been an increase of 828 lakhs the revised figure for 1919-20, additional sums having since the budget date been provided for to the amount of 296 lakhs. The net result is that there is an increase of 68 per cent. over the figure as it stood in 1913.

"Then I come to the question as to why under Supply and Transport there should be such a large increase from 342 to 662 lakhs. It may be due to war conditions possibly, but then it would be only temporary. Then 'Miscellaneous' is the great sink into which all the expenditure which could not be shown under other heads was thrown, and I expected to be shown here only temporary expenditure and that some objection would have been taken to it on behalf of the Government of India. The Miscellaneous expenditure was 27 lakhs in 1913-14, it is 31 crores of rupees in 1919-20 revised. That means to say that every item of expenditure which could not be explained or should not be explained was put under that head.

"I take it that the past year was a year of general peace rudely disturbed by the Afghan war and the trouble on the Frontier. The expenditure on these expeditions was 4¾ millions. I deduct 22 crores from 31 under Miscellaneous. May I ask why there was an increase of 9 crores of rupees as against 27 lakhs of rupees in 1913? It can only be temporary in any event.

"Under other heads we had provided increase for Remount, Medical Service, Military Stores, Ordnance, Ecclesiastical, Education, Compensation for food and several other things. Now, Sir, some explanation is necessary here, and my own idea is that these 9 crores could be legitimately cut down from the budget estimates. The provision of 244 lakhs of rupees under the heading of conveyance by rail for the year 1919-20 can only be temporary; well, after all, I suppose it does not matter very much because what we pay under the Army we will receive back under Railways, only a portion of the profits will go to English Companies and the working expenses are increased. Anyhow there is a difference of 200 lakhs of rupees under that head; there does not seem to be the slightest doubt that considerable retrenchments could be made under this and other heads too. But what strikes me as being rather important is that outside assistance would be helpful in scrutinising the expenditure. It is curious that out of 719 lakhs of rupees increase provided for in the revised estimates towards increases in pay and allowances, 659 should have gone to the British element and only 50 to the Indian Forces.

"I am not complaining of that. I am only saying that there must be an increase in the contribution from the rest of the Empire. It is well known that the Army has been maintained partly for the benefit of India and partly to meet the international arrangements and protect the British interests. Is it not just therefore that this British force kept in India should be considered as having been kept here (it may be kept temporarily in British Africa or in other parts of the world) partly for the rest of the British Empire including the Colonies, such as South Africa and possessions, like East Africa, and all the Colonies and possessions of Great Britain should be asked equally to share in that expenditure, and again, Sir, the Reserves are going to be largely increased. Should India have to bear this increase in the reserves? Whatever we may say the military will have their way and there will be an increase in the Army Reserves and most of that increase will be in England. Is it just that we should have to find funds for the purpose? We should arrange for an increase in the Indian officers in the army if it be necessary to do so, so as to keep the Reserves here, but if the Reserves have to be British and are to be located outside India, I do not see any justification for India being asked to pay. This question of increase in the army should be looked at from two standpoints:—Firstly, that the increases, if any, are really due to international engagements of Great Britain, and India should not be asked to bear the charges thereof, and the army should not be increased indefinitely because a poor country like India can never bear the increased expenditure. That leads to the next proposition that the former ratio of 2 to 1 must go if there is to be any safety for

India, so long as you have that ratio the element of expansion will be very narrow and we will be exposed to the attack of countries like Japan, and we may be told, as we were very nearly in 1917, that there is a great danger of an invasion of India. Every one of us is ready to bear arms for the purpose of defending India.

"And I am sure if only the Territorial Army is expanded and Indians are trained as officers, the expenditure might be reduced, I will not say considerably, but to an appreciable extent. I hope therefore the policy of the Empire in regard to the composition of the Indian Army, its location and the constitution of the reserves will be viewed from a new standpoint.

"Then, Sir, with regard to railways, I have just one word to say. I join the Hon'ble Members who preceded me in their legitimate complaints about over-crowding, about the insufficiency of wagon supply, and the enormous difficulties obtaining in the way of conveyance of foodstuffs. This is an oft-repeated story, but the same oft-repeated answer has been given. The question does not admit, I think, of any very great delay before a satisfactory solution is reached. I hope therefore that the complaints of the people that illegitimate profits are being made, that the supplies are insufficient, that there is over-crowding, will be attended to, and that the system of increasing the wagon supply, etc., of India will be undertaken without the slightest delay."

The Hon'ble Mr. K. V. Reddi :—"Sir, I do not know whether the Hon'ble Mr. Hailey will be overwhelmed with the many congratulations that have been so rightly showered upon him, or whether he will be overburdened with the immensity of the criticisms that necessarily followed those encomiums. His exposition, his lucidity, his theories on exchange and currency are all splendid, and the latter would perhaps form the basis of textbooks in future. His expenditure on railways is too much, his expenditure on the Military side is something which cannot be thought of in this country. But as an administrator, as a minister in charge of the finances, he could not help doing his work. Armies must be maintained, I suppose, if the defence of the country is to be ensured. The elementary duty of a Government, we have always thought, is to protect the citizens thereof, and if a Government is not prepared to protect its own subjects, I do not know what else it exists for.

"There is perhaps a different view, or a different standpoint from which a budget will have to be looked at or the financial conditions of a country will have to be looked at. A few months ago, England was said to be almost on the road to ruin. The tremendous strain of four years of war has driven numerous countries into almost financial crisis. It was said that unless production was increased in England, England would never be able to meet the demands on her. So great indeed was the strain in England that Lord Rothermere once suggested the sale of certain possessions in England to America in order that the debts might be discharged. Coming to our own land, is it not a matter for congratulation that in this country at least we are not perturbed by any such considerations as these? I do not for one moment mean to say that we are richer than England or in fact that we can be called a rich nation at all; but, Sir, a distinction wil l have to be made between the wealth of a country and its financial capacity to meet the needs of the country. A country, Sir, that within one or two years subscribed to a loan of £100 millions, a country in which 535 companies have been started with a capital of 166 crores, a country too which has gained 30 crores of rupees or is about to gain 30 crores of rupees in a single year, a country in which the balance of trade has been so favourable, I think, must necessarily impress one as having its finances in a state of abounding confidence. I do not therefore view this budget with anything like dismay. It shows that we are prosperous. It may be that we are not rich in the ordinary sense of the term, but financially we have every reason to congratulate ourselves and the series of illustrious Finance Ministers who have placed the finances of this country in the position in which they now are.

"Well, Sir, coming back to the Budget itself, I have got to make one or two observations. But before I do so, there is one statement made by my Hon'ble

friend Mr. Sastri, who I am sorry to find is not here, one statement which I cannot leave unchallenged when it was made by him, and that statement, if I have taken him down correctly, runs thus, that in the public service he would deprecate that any distinction should be made between community and community. Sir, coming from the non-Brahmin community of Madras I say I cannot allow that statement to go unchallenged. If that statement is purely one of an academical nature, if that was made in relation to an ideal state, perhaps resembling Plato's republic, I certainly would have had no quarrel with it, but Sir, if in a particular province you find that one particular community monopolises all the places therein, and if other communities who are something like 90 per cent. of the population and who pay the greater part of the taxation of the province and who have produced as many graduates as the services require are sedulously excluded, whether wilfully or not, is another matter, or whether for good or bad reasons is another matter, but if those communities are excluded, is it not the duty of the Government to see that they are properly represented, proportionately to their numbers? Is it not the duty of the Government to see that all communities are properly represented proportionately to their numbers, proportionately to their intelligence, proportionately to their tax-paying capacity? And is this not the right place for me to ask if it is not the right policy that all communities should have their proper share in the administration and in the councils of the country?

"Now Sir, I shall proceed to the points on which I wanted to say a word. The first is the salt question. Sir, salt is a subject with which everybody in the nation is concerned, but perhaps it is the poor man who is more concerned with it than the richer landlords, zemindars and the educated community with whom this assembly is perhaps more directly familiar. Sir, an examination of the figures shows that there has been, ever since the increase of the tax from Re. 1 to Re. 1-4-0 in 1916, a considerable reduction in the consumption of salt. From the year 1903 to 1908 and from 1908 to 1916 there has been a considerable reduction in the tax, and there is a proportionate increase in the consumption, so much so that during the eight years preceding 1916 you will find an increase of as much as 25 per cent. in the consumption. But what do we find after 1916?

"In 1916-17 we have got 51,038,000 maunds, but in 1917-18 we find that the consumption was only 44,803,000 maunds. Now, Sir, last year you budgetted for a consumption of 5 crores and 48 lakhs, but in the revised figures for this year I find that the total consumption would be somewhere near 4 crores and 99 thousands, a reduction of 49 lakhs of maunds, or nearly half a crore in consumption. Sir, the tax that you have got on this is certainly not more than a million, for I find from the figures, excepting the exceptional year of 1917-18, that your income is something over 6 crores and a half and if you reduce the tax by four annas your income will be reduced, I should take it, by a million. When you have taken credit by way of a loan for 10 or 15 crores in the coming year would it not be a sounder policy, would it not be a more humane policy, would it not be a policy which would commend itself to the great bulk of this nation, if you could reduce one million from the salt tax and put it, if needs be, into this loan that you are borrowing?

"Before leaving this question of salt, I have one or two words to say. Sir, I find that during the war, importation of salt into this country from Germany was avoided, but unfortunately enough—and I hope I will be understood in the right sense when I use the word unfortunately there—I find a certain amount of salt still being imported from Liverpool. The value of this salt in the year 1913-14 was 20 lakhs and odd in value (I am omitting the thousands) and in the year 1917-18 it was 16 lakhs and odd. Now, Sir, it occurs to me that it is more or less an irony of fate that a commodity like salt should be imported into this country. It is perhaps the easiest industry known on the face of the earth. A bountiful sun and plenty of sea water are all that are required for making this salt. It does not require any capitalist, it does not require any plant, it does not require any buildings, it does not require any expert; you have only to get the land and take the water of the sea into it. India has of course the largest seacoast of which any country can boast. With

its large seacoast, with its large quantities of sea water, and with its bountiful sun, how is it that we are allowing other countries to import salt to this land? With a little bounty from the Government, say, in the shape of loans on the lines of those which are given to agriculturists under the Agriculturists' Loans Act, I am perfectly certain that a stage can be reached within the course of three, four or five years when India can not only manufacture, the salt which is necessary for its own use but when she will also be in a position to export to other countries and thereby this tax deficit will be recouped. I can assure the Government and I am perfectly certain that this tax of four annas which should be remitted would be more than counterbalanced by the output. It will increase the wealth of the nation, not only because it affords work for so many labourers, but also because it increases the production of the country in every way. Therefore, this small reform could easily be effected without in any way interfering with the large programmes of the Government.

"The only other subject on which I wish to say a word, Sir, is one on which you have heard many speakers and many eloquent speeches. That has reference to the military situation. I have already said that it is impossible for any nation to dispense with military expenditure. We are told that we have passed through the greatest war which was intended to end war. Well, Sir, you all know whether war has ended or not. So thought the great statesmen who sat in Vienna in 1815 after the great Napoleonic wars, but not a single decade in the last century passed without one great war or another breaking out and though perhaps it would be heresay for any one to say, after the League of Nations has been formed, that these wars will not be avoided, still, Sir, one cannot delude one-self into the belief that any nation or every nation on the face of the earth will be free from foreign aggression or from wars.

"Therefore, when our Finance Minister provides for a certain amount in his Budget, the only way in which we will have to look at it is not whether there is any necessity for the amount, but to keep a watchful eye and see that the money that is provided is carefully and economically spent. But, Sir, there is one other view which I wish to place before the Council in this connection. Great reforms are about to be ushered into this country; in fact it is felt that India is being placed on the road to self-government and that in the fulness of time and in the wake of proved fitness the goal of self-government or responsible government will be reached. Is it not then the duty of this country to provide for its own defence? And how can it do so unless the young men of the country are employed in the Army and are given greater and higher offices than they are at present given? I will explain my position in another way. In the year 1916, when Commander Churchill pleaded for the creation of something like 10 or 12 divisions in India he was met with the objection that there were no officers to train our men. Then it was proposed that sick and disabled generals and officers might be employed for that purpose. The next objection at once was put forward that the vernacular difficulty would arise in the case of these officers Now, Sir, if at that time our young men were trained and we had had Indian officers sufficient to train our young men, certainly this war would have ended much earlier than it did, and perhaps, if I may say so without offence, the boast of America that she won the war would not have been allowed and India, which stemmed the tide of the first German onslaught and saved France from the fate which had befallen Belgium would have had the credit of having assisted the Empire in bringing this war to an earlier close. But, Sir, why was it not able to do so? Was it not because we did not have sufficient trained Indian officers? Sooner or later that stage will have to be reached, and if to-day you have placed this country on the road to self-government or responsible government, you will not be fulfilling your promises fully unless you provide also for her adequate defence. And this question of defence brings me to another question. I do not know, Sir, whether any provision has been made for aeroplanes in this large military budget. I daresay it must have been made. The reason why I press for this is that this frontier trouble and this Afghan trouble is a thing that has been troubling this country for years and years together.

"From my childhood up to this day I have not come across a single quinquennium in which we have not heard of trouble with the Afghans, the Afridis, the Mahsuds, or some other tribe on the frontier. Is this great nation of 250 millions, protected by the strong arm of the British, to be bullied by the small tribes on the frontier like this for ever? Have you no remedy for it? Can we not make short work of these tribes? The great Indian nation that brought Germany to her feet, can she not subdue these little tribes? What matters it if it costs a little more now? Sir, you may be sure the country will be at your back. Spend as much as you want. Only see that this trouble is not repeated again.

"This brings me to another question, and that is, the question of propagandistic work. I do not know again whether the budget provides sufficiently for propagandistic work. While I was in England at a small party of friends, amongst whom were Americans, Rumanians and men of other nations, everybody was saying that the war was won by the nation to which he belonged, when a young man got up at once and said that the war was won by Lord Northcliffe. We were wondering what that meant, whether it was because the newspapers had reduced their size to much less than usual and we asked him whether that was the reason. 'No', said the young man, 'It is the propagandistic work of Lord Northcliffe that won the war.' Now, Sir, if there is any truth in that I think this is just the time when we might spend profitably some money on propagandistic work, not only in this country, but also in Afghanistan, in Persia and, perhaps, elsewhere. Viewed in these lights, I would not certainly grudge the military expenditure that is budgetted. There is only one other submission that I wish to make and close. A question was put by my friend, the Hon'ble Mr. Patel, whether any attempt would be made to give effect to the suggestion which was made in the House of Lords by Lord Ampthill. Of course we were told, and perhaps rightly, that the creation of merchantmen was a work for private enterprise. I may, however, add, Sir, that it is possible for the Government to take up the work in the sense that merchantmen may now be constructed in such a way that they could be converted into naval ships at a short notice. I do not know whether that is scientifically possible; your engineers may be able to tell you; but I know one thing, namely, when motor cars were imported into this country before the war, we were told that they were so fitted that at a moment's notice they could be converted into armoured cars. Well, if that was possible, I should think it ought to be possible likewise that ships could be constructed which in peace time could be used as simple merchant-men, and if needs be in times of war could be converted into armoured cruisers or dreadnoughts or whatever you may call them.

"Sir, I do not think I have got anything more to say. There is only one word which I would say, and that is with reference to the irrigation expenditure that is to be found in the budget . . . .

The Vice-President:—"I would remind the Hon'ble Member that he has already exceeded his time."

The Hon'ble Mr. K. V. Reddi:—"I beg your pardon, Sir. I will sit down, because I am told that there will be a resolution on the point and I hope to be able to speak then."

The Hon'ble Haji Chaudhuri Muhammad Ismail Khan:—"Sir, I am afraid there is nothing in the Budget before the Council on which we can congratulate ourselves or the Hon'ble the Finance Member, and not many items on which we need express our condolence. It is a Budget of waste and want. The key-note of the English Budget system now-a-days is retrenchment and re-construction. But here expenditure is on the increase and there is no attempt at re-construction. In almost every department, we find a rise in expenses. In general administration, there is an increase even

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in the salary and expenses of the Governor General. From Rs. 10,49,815 in 1916-17 it has come up to Rs. 10,85,000 now. The salary is a small and fixed item, but the expenses are expanding. That is the case with the charges of the Secretariats. In almost all departments, instead of a decrease there is an increase—steady and mounting up. It is so under Law and Justice (Courts of Law). Under medical expenditure, we find the amount for 1916-17 was Rs 11,79,478. Next year it rose to Rs. 12,39,275. Last year the revised figure stood at Rs. 15,48,000, and this year it is Rs. 17,67,000 ! Even in Ecclesiastical and Superannuation expenditure there is a rise. We are within measurable distance of the long anticipated Reforms, but every proposal to increase the cost of the services made by the Government of India has been sanctioned by the India Office! I know the vetoing power rests not with the Secretary of State but with the Council. But the Secretary of State and the Governor General must be held morally responsible for the increase. A policy of retrenchment would have brought no relief.

"The Hon'ble the Finance Member has referred to the suffering of the people due to high prices. But what is sympathy without action worth? What have Government done to alleviate this suffering? Even the amount allotted for Famine Relief has not been fully spent. The other day we found that in England the supplementary estimates included six and a half millions of additional bread subsidy owing to the increasing loss of selling the quartern loaf at nine pence. That was in England. But here nothing has been done to cheapen bread or even to stamp out profiteering by unscrupulous business-men.

"The Hon'ble the Finance Member has referred to the loss due to Exchange. Three years back, speaking in this Council-room, Sir William Meyer said—'We have taken powers to enable us, instead of earmarking gold for our Paper Currency Reserve against the issue of notes, to hold a portion of the Reserve in British Treasury Bills, which are the next best thing to gold.' But he had built his castle on the quicksands of an unstable exchange. And to-day the Hon'ble the Finance Member deplores the loss of 27½ crores. But worked at the present rate of exchange it comes up to much more and to it must be added the loss on Reverse Councils. And we have been made to suffer for no fault of ours.

"The military expenditure has risen to an appalling height; and, unless a clear case is made out, we must not lend our support to this increase. Many non-official Members of this Council—prominent among whom I should mention the late Mr. Gokhale—have protested against the stupendous nature of this expenditure, but to no purpose. And what is more, Sir, 'while this colossal amount is being spent, the people of India themselves are rigidly kept down to the lowest positions in the Army.'

"I am glad some attention has been paid to Education, and deservedly so. I offer my thanks to the Government for the grant of about Rs. 4 lacs to the Belgachhia Medical Institute in Bengal, the grant of Rs. 6 lacs for a Technical Institution at Calcutta, and the grant of Rs. 28 lacs for contributions to District Boards in the United Provinces for the improvement of secondary Vernacular Education. But, at the same time, I cannot help expressing my regret at the neglect with which technology and primary education have been treated in this the last Budget under the old system.

"The claims of Sanitation have, it is true, not been overlooked. But the health of the people requires more looking after. As Chairman of a District Board, I have gone into the matter carefully. And I quote what His Excellency the Governor of Bengal said about the 'grim tragedy' which his inquiries about Malaria in Bengal disclosed. 'Every year,' said His Excellency, 'there occur in Bengal from 350,000 to 400,000 deaths from this cause alone. But a mere enumeration of the deaths gives but a faint idea of the ravages of the disease.' It has been said that a leading cause of the poverty and of many other diseases in a great part of Bengal is the prevalence of Malaria. Then the plague slays its thousands; and of late, Influenza has come to claim its tens of thousands.

"In view of the huge profits made on Railways, I hope it will be found possible to reduce passenger fares to the pre-war level and revert to the pre-war arrangements, thus affording relief to the travelling public.

"I will add one word in regard to the railways and it is to request that at least a part—an influential part—of the huge profits made by them may be used for the improvement of the third class travellers. Sir, I strongly support my friends Mr. Banerjea and Sir Chitnavis' idea for the appointment of a Committee of Inquiry composed of officials and non-officials to investigate the hardships of third class passengers.

"I would also urge the reduction of telegraph rates and hope I do not urge in vain.

"We have been told that 'the burden of high prices has been felt in a special degree by the large number of low paid Government servants.' I hope Government will see their way to improve their pay and prospects—paying special attention to the ministerial officers whose hard case has so often been pleaded by the press and the public.

"In the matter of sanitation, the province which I have the honour to represent deserves especial attention. The plague is decimating the fair province and the poor people lie in constant anxiety and terror. If a tenth part of what happens in Bihar and Orissa had happened in England, a successful crusade against rats would have resulted in their extirpation. I hope more attention and more money should be given for the improvement of sanitation in Bihar and Orissa.

"Sir, there is one other matter on which I would say a word or two. In the military expenditure entries have been provisionally made for the payment of certain portions of India's further contribution towards the cost of the war in pursuance of the Resolution passed in this Council in 1918. That Resolution, as we have been told by the Hon'ble the Finance Member, contained a reservation that the offer would be subject to the condition that the payment would be reconsidered in the event of two contingencies occurring. We have been told by the Hon'ble the Finance Member that the expenditure of about £15 millions involved in the Afghan War and frontier operations 'clearly' makes the first condition operative. I beg to assure the Government that I have given the matter most anxious consideration; and I have come to the conclusion that, considering the expenditure incurred in the war and the loss sustained in reverse Councils, we as representatives of the people must stand on that condition and not agree to waive it. I, therefore, propose that the cost of the Afghan War and the frontier operations amounting to about £15 millions should be deducted from the grant."

The Hon'ble Mr. Ayyangar :—"May I ask, Sir, that my speech be taken as read?"

The Vice-President :—"The Hon'ble Member asks that his speech which, I understand, has been printed may be taken as read."

The Hon'ble Mr. A. P. Muddiman :—"No, Sir. The Hon'ble Member's speech is not in print. The Hon'ble Member never has his speeches printed as he should. I hope that in future he will have his speeches printed if he wishes to have them taken as read."

The Vice-President :—"On the assumption that the Hon'ble Member will have his speech printed for distribution as provided by the rules the Council will take it as read."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—"The day of budget discussion has been called, I think by a Madras official, the Oliver Twist Day of the Council. From the people's point of view, it is a day

of ineffective cries against unfulfilled undertakings and neglected responsibilities. The provision for education and sanitation, the proposed projects for irrigation and agricultural improvements, the decrease in military expenditure and in the taxation of ordinary articles of consumption, such as foodstuffs, etc —these are a few of the items we Members of Council generally look to. As the Indian press has already pointed out, this year's budget must be pronounced to be a disappointment from this standpoint, while the frequent references to problems of exchange, and courses of trade envelop the whole thing in a cloud of learned mystery.

"Two years have elapsed after the war; but the military expenditure has not abated—rather so far as India is concerned the re-appearance of that eternal bogie in the North-West—the Afghan trouble—has accentuated the strain on the revenues by retaining a heavy expenditure. High prices of an unprecedented kind, unknown even to famine days or war time, continue to reign; and in spite of favourable monsoons, the uniform good behaviour of the seasons, the realised and expected bumper crops, etc, the lower classes are on the verge of starvation.

"Very little has been done to retrieve the oft-repeated promises to non-official Members that proposals for the expansion of education will receive consideration after the war; and what is worse, in many cases, owing mainly to official neglect, there have been lapses of unspent allotments amounting to nearly 33 lakhs under Education; and, as I already pointed out, there was a similar lapse of 30 lakhs last year.

"Railways bulk large in the matter of expenditure to the neglect of other useful branches of work, notably irrigation. Even as regards Railways in actual construction, I am afraid, strategic rather than economic considerations will outweigh and the more productive projects in remote and peaceful areas will be given the go-by in favour of these in frontier tracts. One Finance Member characterised Indian revenues as a gamble in monsoons and a ready measure of protection against its expenditure on productive irrigation schemes. And yet irrigation is more starved in the budget. Some more useful projects, especially in the Cauvery delta, are neglected. While an excuse may perhaps be readily found for the postponement of the Kannambadi Dam project in the yet unsettled dispute between the Mysore and the British Governments, the Mettur Project should have been taken in hand long ago. Even if the award of arbitration of the Kannambadi Dam which has to be reconsidered should be assumed as to go against the Madras Government, it is only a question of constructing the Mettur Project on a minor scale. Minor or major the project should be begun. Delay of this project has cost the Government and deltaic ryots of the Cauvery a great deal, and I would request that the project may not be further postponed.

"Among minor schemes of expenditure, provision for the improvement in the lot of subordinate officials of Government cannot engage the attention of Government too soon in view of the acute sufferings of the men on account of the high prices prevalent in the market. Any scale of increase must be adequate to the increase in the price of foodstuffs. It is gratifying that the pay of the officials in the Postal Department is to be revised on time-scale. Their pay should be brought into line with those in the sister department of Telegraph. The pay of the staff below Rs. 200 also should be enhanced. Similar revisions in the scales of pay of subordinates in other departments must at once be taken in hand if serious discontent is to be averted.

"The Government monopoly of the rice trade in Burma under the name of 'control' is causing widespread dissatisfaction as His Excellency is aware from the representations of the Deputation from Ceylon that recently waited on His Excellency. It will be nothing short of a scandal if this Government profiteering in the staple food of the country should go on indefinitely to the greatest hardships of the people in spite of favourable monsoons, bumper crops, and slackness in exports owing to exchange difficulties. It is difficult to find excuse for the action of Government in selling rice at

Rs. 1,000 per 100 baskets (*f. o. b.* Rangoon), when the average price in 1919 in the Burma market did not exceed Rs. 500.

"The absence of a fixed policy in the matter of linking silver to gold has been the cause of a great grievance to us. When in England the silver shilling which was linked to gold should have remained in the same ratio in value, why should there have been in India alone such violent fluctuations? Now that a certain ratio has been fixed, it is but just that the people should demand that there should be a continuity of this policy for a long time to come. All our grievances about the arbitrary fixing of the rate of exchange and the violent fluctuations in the matter of linking Indian silver to gold will disappear if the same coins that are current in England are introduced in India. There can be no better opportunity for doing this than the present time. The rupee which weighs and which is valued exactly double an English shilling may be named a 'rupee' or 'two shillings', while 20 shillings or Rs. 10 may be declared equal to a gold sovereign. In the name of fixing exchange rates, the cultivators' interests are not at all taken into account, and the raw products which should find their way into foreign markets fetch very low prices in rupees as the exchange rate is very high. It is to be regretted that there was no one to represent the cultivators' point of view in the Currency Commission when they fixed the present rate.

"The other day Mr. Sarma asked Government why the Secretary of State should stand as an intermediary for the purchase of gold for selling the same in India. No answer was forthcoming to the question, and so the Government have given cause to strengthen the conviction of the people that the Government have thrust gold into India in order to take away the silver, and then again they are cheapening by an artificial process the price of gold by purchasing gold at Rs. 23 and selling same at Rs. 16, creating a scare that gold has cheapened to make the people part with their gold also as the precious metal they have hoarded may not become still more cheap and they are put to further loss. The people fear that this process may result in the withdrawal of the precious metals and in the inflation of the circulation of paper currency.

"Though we get only 60 per cent. of the value out of depreciated exchange we are thankful to the Government for arranging to transfer the paper currency reserves from England to India, and we hope that, at an early date, the gold standard reserves will also be transferred here.

"It is also a matter for congratulation that the evils of progressive rates of taxation have been minimised in the case of super-tax. The distinction made in the Bill between Joint Stock Companies and Joint families seems to be invidious, and we respectfully urge that this distinction should be done away with.

"When the duty on petrol was first imposed, the member in charge of Commerce and Industry pleaded that war purposes required the Government to impose the duty simply for diverting petrol to the centres of war and that the Government did not contemplate taxing this article; but last year this duty was made permanent and it was said that Government were deriving a good revenue, and that the Government did not want to lose such a big revenue, though this duty was first imposed not for revenue purposes. Why should the sight of a revenue make the Government change a policy of imposing a duty for the purposes of protection to one of getting a revenue out of it?

"The restrictions on exports and imports for another 2½ years, the prohibition of dye-stuffs except through England and the preferential tariff on the export of raw hide and similar attempts at Imperial Preference will, I am afraid, greatly affect not only the revenue of the Government, but also the prosperity of the people. Closing the open market to India which cannot consume all her raw products which should find a market in the outside world will greatly affect the country. Imposing an intermediary to share the prices due for the products when already the rates of exchange will not bring the usual number of rupees will greatly restrict the profits of commerce. It is unfortunate that in the Committee constituted to advise the

Government on the policy it should take in the matter of Imperial Preference, there is no one to represent the producers, who form no less than 72 per cent. of the entire population.

"The money market has become very tight and it is feared that the largest industrial enterprises undertaken by the people may have to suffer in these trying times The note of warning sounded by His Excellency and the Finance Member regarding the formation of companies will further enhance the difficulties. I am also afraid that the people will be led to believe that this excess caution of the Government has been occasioned by their anxiety to secure the loans asked for.

"The Indian Members have also to raise their voice of protest against the sale of these reverse council bills, against fixing a very low rate for them and against the allotment of these bills to certain classes of people. I have to bring before the Council how the Indian opinion goes against them and it is well brought to the notice of the public by Mr. B. F. Madan, who writes as follows:—

'Do the Currency authorities seriously want anyone to believe that the £122 million applied for last week represent such *bonâ fide* accumulations waiting to be remitted Home? Do they themselves believe it? Evidently not, because they themselves say (in paragraph 4) that—

> 'It is clear that the present exchange situation is being exploited by speculators who are not themselves genuine remitters, but who are taking advantage of the facilities given . . . . to secure a profit on their re-sale.'

This shows that the applications are to the belief of the authorities themselves speculative, and do not therefore show the accumulations awaiting remittance Home.

'Even assuming their very lame defence that there are accumulations of war-profits awaiting remittance Home, what business has the Government to offer these war profiteers this further profiteering chance of 40 per cent. on remittances Home?

'Perhaps the Currency authorities will say that this return of the £ to 10 rupees is problematic. If they do, then they must be thinking that England is bankrupt or on the point of being one. Because unless they believe this which means that England is not likely to resume gold payment, at least in the near future, why do they throw away our sterling resources at these ruinous rates to-day? Is it simply to oblige these war-profiteers that we are doing all this? Or, is it something still worse? Is the financial position of the Government so bad here that it is urgent to transfer our funds from London to India as promptly as possible, and at any sacrifice?

'If neither of this is the case, *i.e.*, if England is not bankrupt, and if the Government here is not in a tight corner, what justification have they for selling away our sterling credits at Rs. 6-14-0 per £? We waited five years to suit the convenience of England and the Allies. Was it all in order to be ourselves ruined as soon as their need was over? And to be ruined at whose hands? At the hands of a Government who year in and year out tell us that they were the trustees of the welfare of the people of this country. What would we say of a trustee that auctioned away the assets of his wards at 6,000 knowing full well that by patient and careful realisation he could get 10,000 for the same?'

"I should once again be permitted to bring the question of Dastic or Mohini allowances to the temples and mosques and urge full payment of their dues. These temples were originally endowed with large lands and they were taken by the Government along with the management of these temples. When the Government decided to hand over the management of the temples to indigenous agencies the lands were retained on the understanding that their entire proceeds will be handed over in full to those institutions. But with all our representations in the Councils and the petitions to the authorities by the temple managers, the present income as well as the surpluses of previous years have not yet been handed over to these institutions. Will not the Government remedy this very just and longstanding grievance? The feeling that the Government without discrimination is coveting even the property belonging to religious trusts should be removed from the minds of the people both Hindu and Muhammadan at the earliest possible moment.

"It has been said that exaggerating the situation in the Punjab was one of the reasons for the wars with Afghanistan and the frontier tribes which have cost us no less than 14 millions. Not only this, the Financial

Secretary brings before us that a loss on railway earnings is a great deal due to it. When India is in dire circumstances commercially, the Afghan War has come upon it as a great drain on its resources. As one who voted against the supplementary contribution of 43 millions, I should urge this as an additional reason for withholding the balance of the second contribution. I have also to remind the Council that, as all the vital necessary items—irrigation, education, sanitation, medical aid and the elevation of the depressed classes—are already starved, we should not further encumber ourselves to any extent whatsoever, whatever may be the greatness of the object for which it is utilized. Between self-preservation and cheap name for largeheartedness going with the gift, I can only choose the former. I have to bring before the Council what the Chairman of the Indian Chamber of Commerce of Bombay, Mr. Bomanji Dinshaw Petit, has to say on the subject :—

'The fact is, that the Government of this country is much too costly and extravagant for its resources. It is top-heavy, and unless it is redically overhauled from top to bottom and the principles which guide it are thoroughly revised, I for one am very apprehensive of the future of our industries. A country so situated and with such scanty resources even for its legitimate means and requirements, with a per-capita income of £2 a year would have hesitated to offer a contribution of a hundred million pounds which until recently would have been equal to a year's income. But the Imperial Council in its wisdom thought otherwise; and voted away that huge sum which has meant additional taxation in the shape of super and other taxes on the already slender resources of the country, for a period of close upon 20 years. That contribution, gentlemen, though well-meant, was a blunder and amounted to the pawning away of the resources of the country for such a long period. But I have no patience with those who asked the Legislative Council for another contribution, which to our shame, I must confess, was blindly voted away by our own representatives in the Council without an adequate sense of their responsibility and without in the remotest degree paying the slightest attention to the urgent needs and requirements of the country, which must in consequence stand indefinitely postponed. The manner in which the onus of that imposition was thrown upon the Indian members and the consequent thrusting of the excess profit tax on this country are events which are too recent and too well known to you to need recapitulation at this stage. But I shall say this that these two contributions and the taxation necessitated by them have so far tied down the resources of this country, that it would be next to impossible for the ministers of the future, be they Indian or English, to find the necessary money for constructive, educational, sanitary and other schemes which are so absolutely necessary in the interest of the country.'

"I am grateful to the Government for allowing us to express our opinion upon this year's budget also. All these years we have expressed what we felt on different occasions about the policy of the Government, and in doing so we might have been at times a little harsh in our expressions. Circumstances and strength of our opinion might have prompted us not to conceal our thoughts, and if anything should have been done to make the Government think that we do not appreciate what they have all done for us, then I have to correct that notion and tell them that we are grateful for the good that they have done, and that it is this conviction that our wishes are responded to and legitimate aspirations are respected that prompts us to ask for other things that remain undone."

The Vice-President:—"As no other Hon'ble Member desires to speak, I will adjourn the Council till 6-30 P.M."

The Council then adjourned till 6-30 P.M.

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President. The Budget before us is full of questions of importance and the pity of it is that we are unable by criticisms to make any change in it. The events that have happened are some of them matters of past history. I should say partly matters of past history but it concerns those who come here; and as this is the only opportunity members of this Council have to offer any criticisms, I feel it my duty to join in with my colleagues against the principles in this budget. The first to which I should like to refer is that of Reverse Councils.

"I think that attention should again be drawn to this matter from more than one aspect and in the lucid statement on this subject as set out by the

Hon'ble Finance Member the policy which is involved in it requires to be mentioned. I do not think that the bereaucratic system of government which obtains here could expose itself to more just attack by any action as much as it has exposed itself by these sales of Reverse Councils. When the exchange Compensation Allowances were passed there was very severe criticism on it, but here at this time when India has suffered so much during the past five years when the people of India are suffering so much at present from a variety of causes and when the exchange itself has been one of the main causes the trouble which they have had for years past and for which they have had to pay grievously, it seems to me that it is not very wise to yield to the pressure of private individuals by the sale of Reverse Councils. In saying so I do not mean any personnel reflection against the Hon'ble the Finance Member, because I have no doubt that he has done the best he could in the circumstances. The Government of course, as a whole, must be responsible for the policy that has been decided upon and Government includes the Secretary of State. But it seems to me that the matter is more important than it appears. At page 125 of the Statement by the Hon'ble the Finance Member in paragraph 17 we find him saying 'in these circumstances the linking of the rupee to gold necessarily caused its exchange value as expressed in sterling to rise by several pence. The much greater amount of sterling that could be purchased by a given number of rupees naturally provided a great incentive to people, with accumulated funds in India, to remit these to England. The demand for Reverse Councils became unprecedentedly great and the exchange markets could have absorbed considerably more than the £11 million of Reverse Councils which we sold during February.

"Now it is possible that the Finance Member has some very satisfactory explanation to give as to why this is so done, but here I have not been able to find any such explanation, and it seems to me, Sir, that it is a very regrettable fact that so much of the public money should have been so sacrificed. The Government has exposed itself to the attack which has been already expressed in the Council in previous speeches in respect to private individuals being allowed to have consideration where they should not have been allowed to have any consideration. I hope this view is incorrect, it may be of course, no one would suggest the object of the Government was that it should be so, but the result is that it has been so. I hope we shall have an explanation which will relieve our feelings in this matter.

"The second point to which I should like to refer is restrictions upon the free import of gold by private individuals. I do not wish at this hour to dilate at any great length upon this policy, but I do not think much argument is needed to lessen the view that there should be restriction any longer upon the free import of gold by private individuals. We all understand that in this matter England and India had no desire to accumulate gold. Every civilised country wants to make themselves financially stronger by attempting to do it. Germany tried to do it before the war. If England is now, after the war, trying to keep herself and strengthen her position, we do not find any fault with her, but it should not be done at the sacrifice of India. That is their concern and we hold the Government of India primarily responsible for the welfare of Indians and to see to it that no such artificial means are provided, and that the country should absorb as much gold as she reasonably can in the ordinary course.

"Passing on to the expenditure side I join with those of my friends who have declared that the growth of expenditure on the civil side is tremendous, and here again is an item to which I think it my duty to draw particular attention, and that is the sanction of the enormous increase in salaries, pensions and allowances which has been sanctioned by the Secretary of State. I think, Sir, that nothing could offer a stronger point of attack than that these elements of growing expenditure should be sanctioned by the Secretary of State. I am aware that this Council has not the power yet of passing the Budget. I am aware that the Secretary of State and the Government of India concurring can sanction these things, but, I think, Sir, in view of the changes which are pending, in view of the new order of things, the matter should have

been discussed in Council fully and an opportunity given to members of expressing themselves once more before it was actually carried out. I am not aware that any such opportunity was given, but when a huge amount of increase is added to the expenditure of the country there should have been a further opportunity given to the people to discuss it, and what is more, more deference shown to the public opinion of the country.

"But I take it that the salaries have been sanctioned and pensions have been sanctioned, and I would only now say this, that I hope that now that these salaries and pensions have been sanctioned on the civil side, our friends the entire body of the civil servants and all persons engaged in the service of His Majesty will combine earnestly and honestly to endeavour to cut down expenditure in all other directions as much as they can. Expenditure has been growing tremendously. If the average national income had been growing in a proportionate way, there would be no cause to complain; nobody would waste his breath over it, but the average national income has not been growing proportionately. In fact the complaint is that, while sections of the people have benefited by the changes which have come about, there are vast sections who have not benefited. In this state of things it seems to me that the figure at which the salaries have now been placed is entirely out of proportion and unjustified by the conditions of the country. For years past we have been complaining that the salaries paid to the Civil Service were the highest in the world, but instead of any reasonable reduction we find an enormous increase in these salaries. It is a matter for regret and the people of India cannot feel happy that this is so. However, this having been done, there is room for retrenchment in other directions and one of these directions is the Army expenditure. The Army expenditure has been growing and several members have already complained of its growth. Now here at least I hope that all members of the service and all others who have any voice in determining the affairs of Government, the policy of Government, including the military members of the Government, will strive to cut down military expenditure and to bring it within reasonable limits. I am aware, Sir, that military expenditure has to be kept up to a certain standard owing to the exigencies of modern times, but the standard has to be fixed and the Hon'ble Finance Member has himself indicated that the standard ought to be fixed somewhere, though he has pointed out that the time has not yet come, the present is not the time, when it could be done. He has told us that a sub-committee of the Viceroy's Council, by which I take it is meant the Executive Council, has been appointed to examine this question. I have been able to ascertain the names of two members of the Committee, the Hon'ble the Finance Member and the Hon'ble the Home Member: probably there is a third member to the Committee. I think, Sir, that when the Government thought it fit to appoint a committee like that, they should have done us the courtesy of asking a few non-official members of this Council to co-operate with them in this matter. The words of His Majesty the King Emperor, used in his gracious proclamation, are still fresh in our minds. He has advised us, appealed to us, to co-operate, the officers of Government with the people, and the people with the officers of Government. Both are interested in keeping military expenditure down to a reasonable level. Both are sworn by their oath of allegiance to the King to carry on the administration in such a way that it shall be most economical consistently with efficiency. I submit, therefore, that when the Government appointed a sub-committee, they ought to have done this courtesy to the non-official members by asking a few of them to co-operate in examining this expenditure. For long past we have been complaining that we are not let into the secrets of military expenditure. The Hon'ble Mr. Sarma complained to-day that the details which he had asked for have not been supplied. Now, Sir, we pay the taxes, we are, therefore, entitled by right, we have the indefeasible right, that is to say if right is might, we have the right to an account of every pice of expenditure which is incurred out of the taxes which we pay. I cannot conceive why the details of the expenditure which the Hon'ble Mr. Sarma asked for were not given to him. I cannot conceive why non-official members should not be asked to join with official members in scrutinising the expenditure. It may be that the expenditure is thoroughly justified;

it may be that there is nothing reasonable to complain of against it, but an opportunity should be given to look into these matters, an opportunity should be given to satisfy ourselves that the expenditure is not unreasonable extravagance. Now that is one general point which I would mention with regard to military expenditure. Then there are two other points. Hitherto, ever since 1885, when the first Indian National Congress met in Bombay, educated Indian public opinion has been repeatedly asking that military expenditure should be cut down. They have been urging certain matters, certain departures in policy, by which this could be effected. We have urged that Indians should be appointed as officers in His Majesty's Army. The five years of war are over, happily over. We urged during the war, from the commencement of the war, that a fair number of Indians should be appointed to His Majesty's commissions in the Army. We were not given the satisfaction of finding such a fair number appointed. We now find that at the end of the war, when this enormous military budget is put before this Council, there is no announcement accompanying the statement of the Finance Member that a reasonable and just departure from the present policy has been determined on and shall be carried out. I submit, Sir, that the experiences of the war have some lessons for us. They have shown the value of the Indian Army. They have shown that without the Indian Army His Majesty's prestige could not have been maintained in the East, and glory would not have been brought to His Majesty's arms. They have proved up to the hilt the fidelity and the valour of Indian troops, and now after all this that there should not be an announcement, a definite announcement of the change of policy, is a matter for sincere regret to us Indians. I do not hold any individual Member of Government to blame for this not having been done, least of all do I hold the Finance Member to blame for it, but the system is there. Whosoever has to shoulder the blame, the fact remains that it is very blameable, very regrettable that at the end of the war, even when a new budget is presented to the Council, there should be no such announcement as we have been long pressing for. Now, Sir, Indians have proved their valour and their fidelity in the war. All that is needed now is that they should be admitted as equal fellow-subjects of these colleges which have been established to train officers for the Army. It seems to me anomalous, regrettable, a matter of reproach to the Government and a reflection against the people that the college established for military training in Quetta should not admit Indian youths on the same terms to its classes as it admits non-Indian youths, and I hope the Government will take this matter up betimes and remove this reproach.

"The second point is about the future of the Army. There are passages in the speech of the Hon'ble Finance Member which indicate that the matter is under consideration, and I only hope that when the matter is to be seriously considered, and at any rate before the matter is finally disposed of, non-official members of this Council will be given an opportunity to have their say on it. The Army exists, I need hardly say, to preserve order and peace in the country. The Army exists for the people, the people do not exist for the Army, and the expenditure on the Army should bear some reasonable proportion to the national interests. That is the point to be achieved. How can that be achieved without sacrificing efficiency is the problem for consideration before the Government. Suggestions have been made by more than one Member as to how this can be done. A territorial army created on a sound basis ought to prove very helpful in reducing the expenditure on the regular army. I believe that the value of a territorial army has been proved beyond doubt. We have to co-operate, Indians and Europeans, in preserving order in His Majesty's territories. Indians have proved that they have co-operated and will co-operate. Why not then organise a regular territorial army on a basis which will relieve you of any reasonable anxiety on the score of the want of strength in the army, and why not give the people an opportunity to feel that they are responsible as much as the officers of Government or the soldiers of His Majesty for preserving order and peace in the country? If this is done, a very reasonable reduction will be brought about.

"The third item is the production of those articles which are needed for use in the country. In that direction the Indian Munitions Board has already done splendid work during these several years, and I hope that the new appointment of Sir Thomas Holland is a guarantee that that policy will be promoted and continued and that India will be able to manufacture as many articles that are needed for war purposes as she can. That in itself ought also to bring about a great reduction in the military expenditure of the country. I hope Government Members will picture to themselves the state of feelings which will grow in this country if these matters are not attended to. The Reform Act is going to be put into operation next January. There will be a larger Assembly, much larger than this Council. Matters in which the people feel interest will be talked about more and more, not only in cities and towns but in villages. The whole population will begin to think and to speak on these questions. Is it right, is it wise, is it statesmanlike, that the public sentiment in these matters should be disregarded? Would it not be wiser that the Government should anticipate and should take action in such directions where it is reasonably demanded in order that the public sentiment should be more and more, in an increasing measure, on the side of Government in supporting right measures of reform and in promoting the welfare and prosperity of the country? I believe, Sir, that if the policy is thought out, debated, settled and acted upon, if the right policy is acted upon, there will be a tremendous gain from every possible point of view, financial as well as moral.

"Another item connected with the military expenditure is the war contributions. I join with one of the previous speakers who have referred to it in thinking that, in view of the Afghan war, according to the terms which have been mentioned by Sir William Meyer, the contribution should certainly be reduced if it ought not to be entirely wiped out. Circumstances have changed and those circumstances ought to be given their full effect. The amount is not so inconsiderable a one that it can with due regard to the interests of the people be overlooked, and I support the suggestion made by the Hon'ble Sir Fazulbhoy Currimbhoy that this amount should be, at any rate, reduced by the amount spent on the Afghan War.

"With regard to railway expenditure, no one . . .

The Vice-President:—"I must ask the Hon'ble Member to bring his remarks to a close as soon as he can. He has already spoken longer than any other Member. The recognised time-limit on these occasions is twenty minutes."

The Hon'ble Pandit Madan Mohan Malaviya:—"Thank you, Sir. I was misled by the indulgence shown to-day."

The Vice-President:—"I will give you another few minutes."

The Hon'ble Pandit Madan Mohan Malaviya:—"Thank you, Sir. I have nothing more to say."

The Hon'ble Raja of Kanika:—"I do not wish to take up the time of the Council at this late hour in the evening and with your permission my speech might be taken as read."

The Vice-President:—"The Hon'ble Member's speech will be taken as read."

The Hon'ble Raja of Kanika:—"Sir, I offer my cordial compliments to the Hon'ble Mr. Hailey on his first Financial Statement which he presented to this Council on Monday last. This, Sir, is also the last Financial Statement that will be presented to this Council on the combined accounts of the Central and Provincial Governments.

Sir, the old era is rapidly passing away and a new era is approaching, and standing as we do in this twilight of history, one cannot but look back to our past financial administration with a feeling of genuine satisfaction and even of pride. For the most efficient administration of Indian Finance over a series of years our best thanks are due to a long succession of very able Finance Ministers which it was India's good luck to get.

"Sir, the present Budget has come as a very great relief to the millions of people in this country inasmuch as the Government have not proposed any new method of taxation. We are living, Sir, in days of almost daily surprises, and the people of this country were extremely apprehensive lest the Hon'ble Mr. Hailey would throw a new surprise upon the people on his Budget day. Their anxieties and apprehension have happily proved groundless. With ever-increasing prices and the stress of the modern economic life, the burden which the middle class and the poorer people in India have to bear is much too great already, and no Finance Minister can afford to increase their burden with a light heart. They deserve all sympathy in their struggles, and I am glad the Hon'ble Mr. Hailey has done nothing to add to their burdens.

"Sir, about thirty years ago, the gamble of Exchange totally upset the Government of India by the heavy decline in the gold value of the rupee. But now the boot is on the other leg and with the soaring prices of silver and the sensational rise in the gold value of the rupee, the Government of India have netted about 22 crores of rupees, and have now quite a different set of problems to solve. I am sure the recent Report of the Currency Committee, which we all so much admire, will help the Government to undertake—as they have already undertaken—measures in order to stabilise Exchange. I wish the Government all success in its attempt.

"Sir, the very heavy military expenditure of India cannot fail to excite considerable anxiety in the minds of all sober people, because with military expenditure swallowing up such a large part of our resources annually, quite a large number of other deserving and very important objects of expenditure are more or less starved. That is a matter of very grave anxiety, and though I will admit that military security is absolutely essential, I still hope there will be some control of the ever-increasing tendency of military expenditure to expand, and I still earnestly hope that with the Reforms in hand there will be some real and earnest improvement in this matter. Our little frontier wars are fast becoming an annual exhibition--and costly exhibitions too—as they cost us about £15 millions last year. So much money wasted in repelling a senseless aggression: let us hope, however, that the new Afghan treaty will see an end of it in the future.

"There is another matter with which I would like to deal for a few minutes. The Government of India is naturally anxious to draw out the small investor in the country and with that view it has recently offered some tempting investments in the shape of cash certificates. But, Sir, the Government having had recently to borrow in the open money market at a much higher rate than before, I think it is only fair that the small investor should also get the benefit of the higher rate. I know the holders of Cash Certificates get that benefit, but people who put their money in Post Office Savings Banks do not get any benefit of a higher rate. I think this distinction is unfair to the small investors in the Savings Bank—particularly after the Government had recently increased the rates of interest on various Provident and other Funds in its hands on the very same ground, namely, the recent rise in the rate of interest which the Government have now to pay on its loans in the open market. I do hope the Government will sweep away this distinction and raise the rate of interest in Savings Banks, and I trust the Hon'ble Finance Member will favourably consider my suggestion. This is a question which affects millions of poor people, and I hope I shall have a sympathetic reply from Government to-day."

The Hon'ble Mr. P. J. G. Pipon:—"Sir, I have listened to many speeches from Hon'ble Members of this Council criticising the military

expenditure in many and varied ways, and I must confess to a slight feeling of disappointment that one aspect of the case has not received more attention from them.

"My Hon'ble friend Mr. Banerjea said in the course of his remarks 'we cannot minimise the paramount importance of the military defence of the frontier.' With those remarks I think very nearly every Member of this Council would agree. My Hon'ble friend Mr. Reddi in the course of a very eloquent speech, which was extremely interesting, put the case in almost a still stronger manner. I am afraid I cannot subscribe to all his conclusions, but a great deal of what he said was essentially true. The aspect of the case that I would like to put before the Council is this, that the great bulk, that is to say, a very large portion of the military expenditure of last year and the military expenditure estimated for the coming year has for its direct object the protection of the lives and property of the inhabitants of the North-West Frontier Province. They have Sir, as indefeasible a right to that protection as any other tax-payers of the British Empire. I think I may be forgiven for putting their case so strongly, but they have very special claims to the consideration of this Council. To begin with, they are probably the most exposed residents of the whole of the British Empire. They are exposed not only to invasions such as unhappily occurred last year, but they are exposed daily to the attacks of their predatory neighbours, and in a very real sense they do stand between the rest of India and invasion. Historically speaking, the Pathan tribes which inhabit the mountainous country between India and Afghanistan have always made irruptions into India. I do not think we need to be reminded of the fact here in Delhi. The very stones of Delhi are eloquent of it. Now, in happier times, I say happier times for the rest of India, those attacks are being borne by the inhabitants of the North-West Frontier Province. Certain figures were given at the last meeting of the Council by the Hon'ble the Foreign Secretary (in reply to a question by my Hon'ble friend Mr. Sarma) of raids and offences committed by these persons in British territory in the year 1919. Those figures measure the extent to which the inhabitants of the North-West Frontier Province are now bearing the burdens which in former times fell upon the rest of India. I think no one will deny their special claim to consideration in this respect, and may I say that the only way in which they can be adequately protected is by efficient military measures, not only military measures for the actual protection of the frontier, but by operations against their enemies such as are now in progress in Waziristan.

"My Hon'ble friend Sir Fazulbhoy Currimbhoy in his speech remarked that few expected such extensive operations on the frontier with such small results. I do not think that remark ought to pass unchallenged. In the first place, one cannot judge of the results till the operations are concluded. In the next place, the results are not small if they imply in any way a guarantee of the lives and property of British subjects.

"Perhaps I may be allowed just for one moment to draw on my personal experience. In the years 1899, 1900 and 1901 I spent over two years on that particular portion of the frontier where the operations are now in progress. There was then exactly the same phenomenon as there is now, continual raids on the lives and property of Indians. The difference between the conditions then and the conditions now are to be measured, I think, by the relative importance of the war of 1897 and the great war of 1914-18. Government undertook in response to that the blockade of the Mahsud tribe and certain other operations. Those operations were brought to a close before the full fruition, the full advantage of them, could be obtained, unfortunately. I think I may use the word 'unfortunately' without impropriety, as it is now over twenty years ago; but the point is that if the operations are to be successful, if they are to have the result of protecting the lives and property of British subjects, they must be costly operations and they must be carried out to their full conclusion; and I am sure that every member of this Council will support Government in wishing not to stint in any way the expenditure required to bring those operations to a successful close. I know that the general attitude of the non-official members of this Council can be very

helpful to the Government or the reverse, and I hope in this case that it will be helpful.

"I am afraid, Sir, that I may be perhaps accused of what Sir William Vincent very happily alluded to the other day as 'provincial patriotism,' though, I think, it was hardly an accusation, it was almost a term of praise; but I am quite sure that Hon'ble Members who have spoken in this Council to-day are actuated by something else, that is to say, by Indian patriotism in its highest sense; and surely the adequate protection of the frontier of the country is the first duty of patriotism. I do not think anyone will deny it."

The Hon'ble Mr. V. J. Patel:—"Sir, I will not detain the Council more than a few minutes at this later hour. Before making a few observations on the budget I should like to emphasise one point raised by my Hon'ble friend, Mr. Sarma. It appears from his speech that the policy in the matter of the Gold Standard Reserve and of the Paper Currency Reserve adopted, not by the Government of India, but by the India Office authorities, has involved this country in a loss of Rs. 60 crores . . . .

The Vice-President:—"I thought the Hon'ble Mr. Sarma said Rs. 40 crores."

The Hon'ble Rao Bahadur B. N. Sarma:—"It was Rs. 40 crores in the Paper Currency Reserve; it may be Rs. 20 crores in the Gold Standard Reserve; that was what I think I said."

The Hon'ble Mr. V. J. Patel:—"I took down the figures when Mr. Sarma was speaking Rs. 40 crores in the Paper Currency Reserve and Rs. 20 crores in the Gold Standard Reserve; and he pointed out that the policy was the result of the advice given to the Secretary of State by the bankers, the financiers and the experts in England. He also suggested that those financiers and experts and bankers ought to be held responsible for that amount. Well, Sir, the loss of Rs. 60 crores—I tremble really when I think of it—to the starving millions of India is a matter of deep concern and great regret and must be so to the Government of India. They should, therefore, consider whether some one should not really be held responsible for that loss. It was pointed out by Mr. Sarma that in years past the Government of India was against such a policy and the people have always protested against it. If that is so, why was that policy pursued, and who really is responsible for this loss of Rs. 60 crores to the people of India? I submit, Sir, that a strong representation should be made by the Government of India whether it is not possible to recoup this enormous loss to the people of India, it may be, from the £100 millions that we have promised, or in some other way; but it is a loss for which the people of India are not in any way responsible; it is a loss for which some others are responsible, and they must be brought to book. We are absolutely innocent, in fact, we have protested and the Government of India also were against the policy. That being so, surely it is unfair that the people of India should be made to suffer that loss, and I do hope that the Government of India will take early steps to represent matters to the Secretary of State.

"Now, coming to the Budget, I find that the total estimated revenue for the year 1920-21 is £134·3 millions. Speaking for myself I always hold the view that any Budget which does not take note of the pressing problems of the day and make necessary provision to meet them can under no circumstances be called a satisfactory budget. Now, what are the pressing problems of the day in India? My Hon'ble friend, Mr. Sarma, has referred to them. The first is Education. We all know very well that in the matter of education only 6 per cent. or 7 per cent. of the people of India are literate; that is the position of literacy in India. Then comes Sanitation. We know that as many as five millions died from influenza in British India during the course of a few months the year before last. We

were just told by my friend, the Hon'ble Chaudhuri Ismail Khan, that two or three hundred thousand people die every year from malaria in Bengal. Then we have plague, cholera, and other diseases. Sanitation is therefore of vital importance to the people of India. Then you have agriculture. Eighty or more than eighty per cent. of the people live by agriculture and agricultural labour. The people are poor; so poor, indeed, that my Hon'ble friend Mr. Chanda remarked, and very rightly remarked, that more than half the population of India do not know what a full meal in a day means. Agriculture really requires the first attention of the Government. Then my Hon'ble friend, Mr. Sarma, referrred to the head of Medical relief, which is of course intimately connected with Sanitation, and also there is the head Scientific and other Miscellaneous Departments.

"Now let us see what is the provision made in the Budget this year out of this £134 millions taken from the tax-payer. I find that under the head Education £5·5 million is allotted, under Medical £1·6 million, under Sanitation £1·3 million, under Agriculture £1·3 million, and under Scientific and other Miscellaneous Departments £·9 million. All these total somewhere between 10 and 11 million pounds. Out of £134 millions of the tax-payer's money, my Hon'ble friend the Finance Member's budget provides that 10 to 11 million pounds shall be spent on the vital needs of the country, that is, one-thirteenth of the total. That being so, so far as I am concerned, I must declare the budget to be entirely disappointing and unsatisfactory.

"Now, Sir, this £134·3 million is divided into two: £92·4 million belong to the Imperial share and £41·7 million belong to the Provincial share. Out of £92·4 millions of the Imperial share, £41 millions go to the Military, £15·2 millions to Railways; then you have got the Political and the Ecclesiastical Departments. You have also certain interest to be paid on debts which comes to about £8 millions, and you have also general administration, etc. So as a matter of fact, very little is spent for the amelioration of the condition of the tax-payer from the Imperial share. Sir, we have been told by several Hon'ble Members that this is the last budget under the old régime, and that probably from next year the Legislative Assembly will have wider opportunities to criticise the Budget. I am sorry I cannot share their view. So far as I could see, next year we will not be allowed the right of criticism which we enjoy to-day. For instance, we have to-day criticised the military expenditure, the political expenditure and several other items of expenditure in the Budget. Now under the new régime, we shall be entirely at the mercy of the Governor General in this respect. As a matter of fact, these items of expenditure will not be open to discussion; I mean the items regarding 'military' expenditure, 'political' and 'ecclesiastical' expenditure and certain fixed salaries of high-paid officers, interest on debt and similar other items. According to my calculation about 70 per cent. of the Imperial expenditure will not be open to discussion or criticism . . .

The Vice-President :—"The Hon'ble Member must understand that we are not discussing the Reform Scheme. We are discussing the principles of the Budget."

The Hon'ble Mr. V. J. Patel :—"I am much obliged to you, Sir. This is the last occasion, Sir, when we have got this opportunity of criticising the Imperial Budget as a whole.

"Now coming to the military Budget, I join my friends who have protested against the huge expenditure which is proposed. If you will look at the Revised Estimate for 1919-20 you will see that an item of thirty-one crores is put down under the head 'Miscellaneous Services' under the head 'Military'. Now, as my Hon'ble friend Mr. Sarma very rightly pointed out, out of these 31 crores, probably 22 crores are provided for on account of the Afghan War. But what about the remaining 9 crores? My Hon'ble friend asked for details. No details were supplied to him. Why should we not be permitted to scrutinise the various items of expenditure under the head 'Military' and see if it is not possible to bring down the total . . .

The Hon'ble Rao Bahadur B. N. Sarma:—"May I rise to make a personal explanation, Sir? I do not think I had asked for any particular details of the reserves. I had simply asked for the military estimates for the various years."

The Hon'ble Mr. V. J. Patel:—"Thank you. Now, Sir, the Hon'ble the Finance Member in his Narrative refers us to the analogy of Japan. My Hon'ble friend Mr. Banerjea has very rightly remarked that the conditions of Japan differ very materially from those of India. Japan is a rich country; India is a poor country. Japan is self-governing; we are not. But may I ask the Hon'ble the Finance Member what proportion of the total revenue of Japan bears to the military expenditure? Here we see that out of 92 millions of the Imperial Revenue, 41 millions are proposed to be spent on the military. That comes to 44 per cent. of the total Imperial share of the whole revenues of India. Now I should like to know from the Hon'ble the Finance Member when he refers us to the analogy of Japan, whether in Japan they spend as much as that on the military? It is no doubt true that Japan has probably doubled or trebled its military expenditure in the course of the last two or three years. That is all very well. But what proportion does it bear to the total revenue is the real point.

"There are many other matters, Sir, on which I should like to join my friends who have entered their protest. Of course, as regards the contribution question, I have myself given notice of a resolution, and I do not wish at this stage to enter into any discussion regarding it. But I do most strongly protest against the sale of the reverse Council Bills. My Hon'ble friend Sir Fazulbhoy has referred to it in very strong terms indeed, and the opinion in Bombay is very clear on the point.

"Then there is the question of the amelioration of the condition and the pay and prospects of the Postal clerks. As some member has very rightly remarked. We have been flooded with telegrams and letters during the course of the last one month and a half, and so far as one could see, their grievance seems to be not imaginary but real. I submit that, if nothing else can be done, let a committee of officials and non-officials, as suggested by some of us be appointed, to go into the whole question to see if their pay and status cannot be placed on the same footing as that of the telegraphists. I do not propose to enter into the discussion of the question alluded to by my Hon'ble friend Mr. Sastri regarding the employment of a particular community in the Telegraph Department and the favoured treatment given to them, but I do strongly urge that an immediate inquiry should be made into the whole matter, otherwise I am afraid there will be some trouble.

"Well, the second point that I would like to invite the attention of the Council to has reference to repressive legislation. In order that we might begin the new era with mutual good-will and co-operation, it is absolutely essential that certain repressive measures must disappear from the Statute-book and certain others . . .

The Vice-President:—"Will the Hon'ble Member explain what this has to do with the principles of the Budget. References to repressive legislation do not appear to have any bearing on the principles of the Budget."

The Hon'ble Mr. V. J. Patel:—"Sir, I propose that a provision should be made for the appointment of a committee to examine all the Statutes of a repressive nature . . .

The Vice-President:—"Again, I must ask the Hon'ble Member to say what connection that has got with the principles of the Budget."

The Hon'ble Mr. V. J. Patel:—"Because there is no provision made in the Budget. If you will permit me I will speak, otherwise I will

not. What I say is that provision should be made in the budget for the appointment of a committee to go into the question whether certain repressive laws should not be . . . .

The Vice-President :—" I must rule that out of order."

The Hon'ble Mr. V. J. Patel :—" Very well, Sir. Then, Sir, I next come to the move of the Government of India to Simla. I strongly protest against any expenditure in the Budget on that score, and I protest also against the provision made for building operations in Simla. Public opinion is very strong, Sir, on these questions, and the sooner we dispense with the Simla exodus business the better for the Government of India and the people alike.

" Similarly, with regard to the huge increases in the pay, pensions and allowances of certain high paid officials, I think we should have been given an opportunity of discussing in this Council the *pros* and *cons* before the Government of India finally settled the question. I do strongly feel that any increment at this juncture is certainly unjustifiable, but now that the provision is made, there it is, it is a settled fact and we can only enter our protest."

The Hon'ble Mr. W. M. Hailey :—" Sir, the discussion to-day has taken a wide range and Honourable Members will, perhaps, forgive me if I do not try to follow each and every one of the speeches that have been made on the subject of the Budget. I could not in the time at my disposal deal with subjects so far apart as making the conversion of the Mercantile Marine into Navy Boats ; or that hardy annual which the Hon'ble Mr. Ayyangar has again brought before the Council regarding the temple savings in Madras ; and I hope I may be excused from dealing with the question of the Simla exodus. But, Sir, if I do not touch on each and every topic, I hope Hon'ble Members will not feel that I do not appreciate highly both the criticisms and the advice which have been given us to-day. I think I may say with perfect justice that the criticisms are often even more helpful than the advice itself. I will, however, endeavour to go through some of the main topics that have been discussed. I think first of all that a complaint was raised against this Budget—not a general complaint, but one which I identify with the names of the Hon'ble Mr. Chanda, the Hon'ble Pandit Malaviya and Mr. Patel, on the ground that so far from showing a reduction in expenditure, it shows an increase in expenditure, both Civil and Military. Now, Sir, our revenues are growing and I do not think it possible that with revenues growing, with increased demands for the expansion of our services in every direction, we should be able to avoid an increase in civil expenditure. I know it has been represented to-day that a large part of that increased expenditure is due to increases in the pay, pensions and allowances of the Imperial Services. A large part of it, or some part of it at all events, is due to that cause ; but a great part of it is also due to the increase in pay of the subordinate services. I think, perhaps, hardly a day passes now when my table is not flooded with cases in which the Local Governments ask urgently and insistently for large sums for the increase of pay of subordinate services. Prices have increased all over in India ; the pinch is felt severely, and if we are to avoid discontent and its resultant inefficiency we cannot avoid these increases.

" Then, Sir, a second criticism was raised that the Budget is a disappointing one—I do not mind the word—because it provides insufficiently for the real needs of the people. With that criticism I identify the names of Mr. Sarma and Mr. Patel. It is said, for instance, that the sums provided for Education and Sanitation are altogether insufficient. Now, Sir, my functions.

. . .

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I was reviewing the general results since the commencement of the war that only six or seven crores had been spent out of seventy-six crores in increased revenues. I was not referring to the particular Budget of 1920-21."

The Vice-President:—"The Hon'ble Member does not support Mr. Patel."

The Hon'ble Mr. V. J. Patel:—"I do not mind standing alone, Sir."

The Hon'ble Mr. W. M. Hailey:—"My point is, Sir, that my functions are not the indication or modification of a policy, but the preparation of a Budget. This has two parts, the Imperial and Provincial. I take it the complaint is not against the provision which is made in the Imperial portion of the Budget, but against the Provincial portion of the Budget. Here, of course, we only insert those amounts which the Local Governments themselves propose to spend and, I think, the Hon'ble Mr. Sarma recognises that we have to look forward to a new order of things, in which Local Governments will be responsible for financing the services which they themselves administer. Looking forward to that new order of things we know, I take it that Mr. Patel must know, when he says provision for Education is insufficient, that we cannot place in the Budget large doles to Local Governments for these purposes. I think he must recognise that this would be against the spirit of our new financial arrangements.

"I would like, however, to give the Council a few figures as to what we have done in regard to those two important services to the community, Education and Sanitation. I am not going to argue here the question whether our policy in the past has been sufficiently liberal or not. I am speaking purely on the question as it affects this Budget, and would like to bring the exact figures to the attention of the Council. In 1916-17 the figures for Education (including provision for expenditure under the head of Public Works) were four crores eighty lakhs. In 1917-18, five crores twenty-three lakks; in 1918-19 six crores seven lakhs. The revised figure for 1919-20 provides for seven crores fifteen lakhs and the Budget for the coming year provides for eight crores eighty-one lakhs. This shows, I think, a very consistent increase.

"The figures in regard to Sanitation for the same period are eighty-one lakhs in 1916-17, ninety-four takhs in 1917-18, one crore two lakhs in 1918-19. The revised figure for 1919-20 is one crore forty-five lakhs, and for the Budget two crores eleven lakhs. There is, therefore, a progressive increase in the expenditure under this head also.

"The Hon'ble Mr. Sarma further thought that the Budget should have shown some reduction under another head, namely, political expenditure. In this connection I merely wish to afford the information for which he asked in regard to Persia; he thought that we should at all events share the expenditure on Persia. We do so. There is a considerable amount of expenditure in regard to Persia entirely borne by His Majesty's Government: the remainder is shared between us.

"I come now to another question which frequently looms large in these discussions, I mean the claim for reduction of taxation. I think the position as put forward in this Budget has been generally accepted as not unreasonable, and I have but one criticism to notice, that of the Hon'ble Mr. Reddi, who suggested that we should reduce the taxation on salt. I am not clear that the reductions we have previously made in the taxation of salt have always reached the people we intended to benefit; but be that as it may, I think I am right in objecting to his proposition in the particular form in which he put it forward. He suggested that we should reduce the taxation on salt by approximately a crore, and that we should raise our loan by the same amount. Now, Sir, there is a great difference between reducing taxation and raising a loan. I do not think that I need elaborate that point; they are not alternatives in any sense of the word.

"I come now to a more important head, the head of military expenditure. I am, I think, correct in saying, that the proposals in the Budget received

support from the Hon'ble Mir Asad Ali, the Hon'ble Raja Sir Rampal Singh, and from the Hon'ble Mr. Reddi; but they have been criticised, and criticised strongly, in other directions. The Hon'ble Maharaja of Kasim Bazar, Sir Fazulbhoy Currimbhoy, Mr. Banerjea, Sir Gangadhar Chitnavis, the Hon'ble Pundit, Mr. Patel, Mr. Sarma, all criticised the provision which we have made under this head. I tried in my Financial Statement to explain, as fully as possible, what were the components of that expenditure. I ventured on a prophesy (and in doing so I seem to have caused a good deal of apprehension to some members of this Council) that it would be, perhaps, impossible for us ever to reduce our expenditure to the pre-war level. I should prefer, however, here merely to deal with the expenditure immediately before us, the expenditure for the coming year. Now, Sir, the coming year is an interim period; we have not yet got clear of the aftermath of the great war itself; and we have not yet finished with war-like operations on the frontier. It has been a work of the greatest difficulty to frame an accurate estimate, or to get any clear sight at all, of the standard of expenditure necessary in the coming twelve months. There are important questions of policy involved which we cannot solve until we have received the report of Lord Esher's Commission; but apart from questions of policy, there has been a baffling and complicated mass of details to consider before we could get to grips with the financial side of the question as represented in figures. I have to acknowledge the very great assistance that we received from the Army in this respect, the whole-hearted endeavours made by the officers under the direction of His Excellency the Commander-in-Chief to explore every source of economy, to reduce personnel wherever it was possible, to make provision in the lowest terms compatible with safety. I have heard criticisms to-day that the method we adopted in drawing up our anticipations of the expenditure for the coming year was the wrong one; that we ought to have invited some of the Hon'ble Members of this Council to join us in our deliberations. Sir, the reason why a sub-committee of the Executive Council was appointed to go into the question of military expenditure was simply this. We were faced some time in October by the necessity for providing large sums of money in excess of the Budget provision. Ordinarily this would have been considered in my Department, and would have then gone as a general question before the Executive Council. Instead of that procedure being adopted, certain Members of the Executive Council were asked to go fully into every detail. It was an administrative matter of great urgency; it was not a question for a committee of inquiry or a commission. It was in these circumstances that that inquiry was undertaken, and I myself would like to feel that the Council appreciated the labours of those members of that sub-committee who undertook that task in addition to their ordinary work at a time of great pressure in other respects. Mr. Sarma, in dealing with military expenditure complained of the lack of information on certain points. I have here in my hand a statement which I have had drawn up this afternoon which will give him the fullest information in regard to the points to which he particularly referred, namely, the increase in the expenditure in the supply of transport (which I find is mainly due to expenditure on free rations to the Indian troops), the components of the item Miscellaneous, (which are very largely the contribution to His Majesty's Government and the expenditure on the Afghan war), and some analysis of the increased cost of conveyance by rail. These figures are entirely at his disposal. He mentioned one point in which I should like to correct him. He suggested that the reserve should be a reserve of Indian officers. The reserve referred to in our figures is a reserve of Indian troops, and does not refer to officers at all. Sir, I do not think we have over-estimated our military expenditure; it is no fault of ours that every item of that expenditure—pay, pensions, equipment, buildings—is infinitely more costly than in the pre-war period. Nor do I think that it was possible at this stage, in dealing with the estimates for the coming year, for us to have taken account of the alternatives which some of the Hon'ble Members have placed before us. There may be a great future for the employment of Indian territorial troops; there may be a great future for the more extensive use of Indian officers, although I do not myself see that they would be in any way cheaper than

British officers. There may be a reduction, perhaps, in the future owing to the operation of the League of Nations. But, Sir, we had to deal with the palpable and insistent needs of the immediate future; we could not await the development of plans for radical alterations in the Army; we certainly could not rely on any supposition that our friends across the frontier would join the League of Nations or would obey its dictates. Let me give, for the information of the Council, a short summary which will show exactly what the increase in our military expenditure has been proportionately to the general income of the country. In 1920-21, the military expenditure is budgetted at 30·6 per cent. of the total expenditure of India, that is to say Imperial and Provincial. In 1890-91 it was 31·8 per cent., in 1895-96 it was 31·3 per cent. I do not think, Sir, that that shows any great or unreasonable increase over the previous proportion of expenditure on the Army.

"I come now to another head, which has evoked criticism to-day; I mean that of railways. There has been, I think, a general recognition that large railway expenditure, perhaps increased railway expenditure, is necessary. As my Hon'ble friend, Mr. Sastri, put it, we now regard the railways of India not as a white elephant, but as an asset.

"There have, however, been criticisms that the heavy expenditure undertaken last year has not resulted in any increase of comfort, and that the improvements which Hon'ble Members had looked for have not so far been effected I think there is only one cure for that, Sir, and that is more expenditure. But I wish to deal in particular with two points raised by my Hon'ble friend, Mr. Crum. He referred, in the first place, to the special reserve of 20 millions and asked what had become of that special reserve. I have taken the opportunity of looking up the proceedings of Council in regard to that reserve. I find that it was decided to invest 20 millions in Home Treasury Bills in order to provide for the liabilities 'which in one way or another would come upon us shortly after the war is over.' There was, Sir, no guarantee that that would be applied entirely to railways; nor was there any guarantee that that sum would be in addition to the ordinary railway programme. I think at the time, perhaps, some Hon'ble Members hoped that it might be so, but that position was not accepted by the Hon'ble Sir William Meyer either implicitly or explicitly. The 20 millions have now been expended; they went to increase the Secretary of State's ordinary ways and means balances; it was by half of that 20 millions that the large sums which we have been able to devote to railway capital expenditure of the last two years have been financed; and, if that 20 millions had not been available, we should either have had to curtail our programme or to increase our short-term borrowings.'

"The Hon'ble Mr. Crum further asked why railways should not enjoy the entire advantage of the profits which they make over and above the interest due the capital on which they are financed.. There have, it is true, been of late years profits, substantial profits, after paying for all interest charges; they have varied from ·60 in 1914-15 to about 2·86 per cent. in 1918-19. But, Sir, I think that the Hon'ble Mr. Sastri has given a complete answer to the Hon'ble Mr. Crum on that point. Railways were in debit in the past; it is only of recent years that they have for some years been a source of profit to India. It is by no means certain if, owing to the increase in working expenses, owing possibly to the increased prices at which we shall have to raise our capital, they will be an equal source of profit in the future. At all events, I, for one, would at present deprecate setting by any definite sum out of the profits of railways for expenditure on railways. I think the real test is, whether the sum we set by year after year is adequate and can be profitably expended by the Railway Board.

"I fear, Sir, that I am delaying the Council. I will, therefore, omit any reference to some of the other major questions which have been raised, such as the provincial contributions, and will come at once to what is, perhaps, in many ways one of the most important parts of the Budget, namely, the question of exchange. I shall delay Council for a few minutes on this question. I attempted—I do not know with what success—to explain the position of Government fully on this question in my Financial Statement. There have been severe criticisms levied to-day against our exchange policy. Now, I shall

separate those criticisms into two parts, because with one part I can deal briefly to-day and with the other part, I think it would be more advantageous if I were to deal subsequently. Criticisms levied against the exchange policy as a whole, the policy that is of the Currency Committee, occupied a smaller part of the discussion to-day than criticisms against the policy of issuing Reverse Councils. I regard the latter largely as part of the mechanism of carrying out the policy of the Currency Committee. We have a Resolution coming on to-morrow on the subject, and, I think, it would be perhaps more convenient in many ways if I made a fuller statement on that subject in dealing with the Resolution. I only desire for the moment to deprecate the suggestion made to day that our Reverse Council policy has been dictated by consideration for private individuals, and to say that it would be wrong if this Council were to accept the suggestion that India has lost or is now losing 60 crores of rupees on account of that policy. I shall deal with the subject at greater length to-morrow, and I merely return here now to deal very briefly with the criticisms as a whole on our adoption of the policy advocated in the Currency Committee's Report. Sir, that policy involved the linking up of the rupee to gold and it involved the linking up of the rupee to gold at what some critics considered a high figure, namely, two shillings Now I had hoped that I should receive here from the Council some constructive suggestion as to whether the policy as a whole was likely to prove detrimental to India, whether it was likely to upset the balance of trade, and whether, if it was likely to be detrimental, we could immediat ely adopt another and more beneficial policy. The Hon'ble Sir Fazulbhoy Currimbhoy believed that the policy of what I may call high exchange is detrimental; he believed that it is detrimental both from the import and the export point of view. But, Sir, on this point my Hon'ble friend Mr. Crum was not prepared to agree with him; on this cardinal point therefore we have had to-day a decided difference of opinion. The Hon'ble Sir Fazulbhoy Currimbhoy believes that a high exchange will kill export trade. The Hon'ble Mr. Crum, if I understand him rightly, thinks that, so far, a high exchange has not proved detrimental to export trade and is in future not likely to prove detrimental in that respect. But what alternative was suggested to us to the policy of the Currency Committee? The Hon'ble Sir Gangadhar Chitnavis would go right back to the times before 1890; he would not link the rupee to gold; he would not, I think, link the rupee to anything; he would simply open the Mints again and leave the rupee to follow its own course. The Hon'ble Sir Fazulbhoy Currimbhoy, if I have his formula aright, would return to the 1*s.* 4*d.* rupee, and he would do so by gradual stages without debasing the currency.

"The Hon'ble gentleman is interested in commerce; he is a practical man. It would have assisted us here if he could have explained the steps which he would have taken for that purpose; it would have assisted us if he could have shown how it was possible to have a 1*s.* 4*d.* rupee and yet maintain our silver currency; it would have assisted us if he could have shown how it was possible to do that without leading to inconvertibility at a very early date.

"I must conclude, Sir, with a few and a very few general remarks. The Budget has been a difficult one to prepare, because it depends largely on an uncertain factor, the gain from exchange; and it is for that reason that I wish to make it clear that if we do realise our surplus it will only have been realised by the operations of that somewhat indeterminate factor. I wish further to make it clear that if it is so realised, it would not, in my opinion, be available, and should not be regarded as available, for ordinary revenue expenditure. We have overdrawn at the bank, and it is our duty to re-adjust our over-drawing as soon as possible. We can only do that by a gradual process of conserving our resources and expending any surplus we may realise for the purpose of reducing our temporary loans and our floating liabilities.

"It will be ungracious of me, Sir, if I were to conclude without thanking those members of Council who have found some merit in this budget. If I accept that appreciation, it is not for myself; it is for those of my friends and colleagues who have worked with me. There are some of them here in Council, and their names are known both to the members of Council and to

the public; there are others, not less I hope my friends and colleagues because they are not in Council and their names are not known to the public. The lot of public servants is not always an easy one, and their path is not always smooth; and if Government servants belonging to any class or grade of our services know that India's public men feel any appreciation of their work and find that it has not been in vain, then such appreciation is indeed welcome to them."

The Vice-President:—"The Council will resume the second stage of the discussion at 11 o'clock to-morrow."

The Council then adjourned till Tuesday, the 9th March at 11 o'clock.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Tuesday, the 9th March, 1920.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C., K.C.S.I., *Vice*-President, *presiding*, and 60 Members, of whom 53 were Additional Members.

FINANCIAL STATEMENT FOR 1920-21.

SECOND STAGE.

The Vice-President:—"The Council will now proceed with the discussion on the Financial Statement."

The Hon'ble Mr. W. M. Hailey:—"Sir, I beg to open the second stage of the discussion on the Financial Statement. I have no remarks to make definitely in connection with the second stage of the discussion, but if you will allow me, I should like to supplement what I said yesterday evening in respect of one fact only. A number of Hon'ble members asked for information in regard to the revision of salaries of the postal establishment. I merely wish to inform the Council—I should have done so yesterday evening but for the shortness of the time at my disposal I omitted it—that a revision of the salaries of this establishment has lately been sanctioned under the orders of the Secretary of State, the total amount of which will be over Rs. 25 lakhs a year."

The Hon'ble Mr. Surendra Nath Banerjea:—"Does it include the Postal Superintendents also, if I may ask a question?"

The Hon'ble Mr. W. M. Hailey:—"Postal subordinates."

RESOLUTION *RE* EXTRA GRANT FOR NEW UNIVERSITIES.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following Resolution.

'This Council recommends to the Governor General in Council that the sum of Rs. 30·72 lakhs treated as reserve out of the appropriation of 214 lakhs under heads XIX—Education and 22—Education be distributed equally amongst all the Provinces for the special purpose of starting and assisting the starting of new Universities and the maintenance thereof.'

"Sir, equity, equality and culture are my motto and the maxims invoked in support of my resolution. I ask here for the special appropriation of the reserve of 30 lakhs of rupees for the expansion of

university education, especially in localities where there are no universities, to enable all provinces to start new universities and to maintain them. Well I do not think that I need go into very great detail for the purpose of justifying the position. That the time has arrived when a large number of new universities ought to be started at the earliest possible moment, so that all provinces which have not got universities should have them, and that universities should be started, as far as possible, to serve district language areas. Now in framing this resolution I have in my mind particularly the claims of Burma and the Central Provinces. The population of Burma is more than 10 millions, and there are about 584 thousand boys and girls at school and more than 125 thousand in the secondary schools and the number in the colleges is not insignificant, namely, 685.

"Sir, it will be the centre of Buddistic culture. We owe much in India to Buddism and we are proud of the prevalence of Buddism, especially in Burma, and we should be very glad to help the progress of oriental culture by means of improving Buddistic learning in Burma. Then turning to the Central Provinces. Here we have a happy combination of Marathi and Hindi culture. I need hardly plead the claims of the Central Provinces which has a population of about 15 millions, out of which 353 thousand are at schools, 61 thousand in secondary schools, and more than 1,127 in colleges and about 321 in professional colleges, and, I think, therefore that the Central Provinces are entitled to a university in the immediate future. Well apart from the needs of other provinces, Sir, I think it is absolutely necessary that special appropriation should be made from this reserve of 30 lakhs for starting and maintaining universities in these two provinces.

"Then, Sir, we have the development of the university system in the United Provinces. The Aligarh University might have come into existence four or five years ago, but for reasons which need not be gone into now, I think it is desirable that the culture of Islam should be encouraged. Lucknow is another competitor. Nobody in the rest of India would grudge any money to the United Provinces for equipping them with additional universities, but, Sir, I think that I should not forget the claims of my own presidency, which includes extensive areas occupied by people speaking different languages—I allude particularly to my own Community, the Andhras. I think a university for the Andhras has been practically agreed to in the Madras Presidency and elsewhere, and it is merely a question of finance.

"I think, therefore, there is no great difficulty in advocating at least one other university for Madras. I need hadly multiply instances. My submission is that this money cannot be better devoted than towards the development of university culture. The question may be asked as to whether, when so much money is being spent on universities, one should not like to add these resources to secondary education, or to primary education. I have thought over the matter and I have come to the conclusion that this 30 lakhs of rupees would not make any appreciable impression either on the growth of primary education or on secondary education, and we must also remember that, unless we begin at the top and improve the university system, there cannot be a healthy growth either in respect of secondary education or primary education. Sir, out of the 11 crores 82 lakhs of rupees spent in 1917-1 , we have about 338 lakhs spent on secondary education, and 30 lakhs is only about 10 per cent. or even less, and would not make any great impression, whereas 30 lakhs would be an appreciable addition to the expenditure on universities, it would be about 25 per cent. and that would go a long way towards helping the cause of university education.

"I am not here espousing the claims of university education in general, but I have here asked for the earmarking of this money for starting new universities.

"Then I have hardly touched on the second point, equity. I do not exactly know how the position would be in regard to these grants. I take it that these appropriations would be treated as Imperial expenditure on the basis of which contributions from the provinces would be made, and that there would

be no further payment to the provinces hereafter from the Imperial Exchequer. That means to say this is to be the final gift of the Government of India to the provinces and, therefore, I ask that this parting kiss may be distributed amongst the children equally, and let there be no heart-burning that more was given here and less was given there on account of inadequate reasons, such as that there is more agitation in one province than in another. I plead here for equity and equality. If you look at the principle of distribution from the point of view of the size and population of the province, the improvement of developed areas it would be different from the point of view where large sums are required on initial development. Besides the difficulty in fixing the principle, it cannot be gainsaid by the all-powerful Government of India that weak provinces like my own generally go to the wall.

"I need hardly allude to the figures on page 48 of the Financial Statement as compared with the figures on page 307 of the previous Financial Statement for the purpose of showing that out of the 51 additional lakhs we have received only about 6 and odd lakhs, although we are entitled to more whether you look to our population or needs, and we have hardly any money unspent. Our province has got only 72 out of 555 total. Well, if we say that we are entitled to far more than has been given to us by reason of our enormous population, the large number of students, the general educational requirements, or for the matter of that, contribution we give every year to the Imperial Exchequer, we are justified in our criticism. But I shall not dwell on this unpleasant history because we are nearly at the end of the last chapter and there is no use in reviving old and bitter memories. I am only using the past for the purpose of illustrating that it may not be altogether amiss to ask for some definite principle in the acceptance of the division of this Rs. 30 lakhs. I hope, therefore, this resolution will commend itself to the Council."

The Hon'ble Sir Gangadhar Chitnavis :—"Sir, I beg to support Mr. Sarma's Resolution. Mr. Sarma has shown in his speech by giving figures how essential the establishment of a university is in the Central Provinces. I am glad to say the Central Provinces Government have done everything they could to give our new university scheme a good start. Land has been purchased and a committee was appointed for the purpose of suggesting a programme. That programme has been prepared and submitted to the Local Government. They are only waiting to see what improvements they could introduce in that programme as the result of the recommendations of the Sadler University Commission. A mixed Committee of officials and non-officials, as lately appointed by Sir Frank Sly, is now going to sit and consider this question. Money is, however, badly wanted in these times of high pressure. All the services are looking out eagerly for increases to their salaries on account of high prices. Such revision is essentially necessary to keep the services contented and in an efficient condition. After this revision has been made, and after allotments have been made for the several necessary purposes for which money could not be found in the last few years on account of the war, I do not not think sufficient money will be forthcoming to equip the university in the manner we would all desire. Any grant the Government of India may make for this purpose will, therefore, be most gratefully received and most usefully spent."

The Hon'ble Mr. Kamini Kumar Chanda :—"Sir, I wish to give my support to this Resolution. Although my province is not yet fit to ask for a separate university, being a small province, still I think that there ought to be a multiplication of universities in the country We have at present altogether eight universities, including the Benares Hindu and the Mysore Universities, and if the Dacca University be established soon, as we hope it will be, the number will be only nine, and nine in a population of 315 millions is a mere drop in the ocean. I, therefore, strongly support this resolution, and I hope steps will be taken to inaugurate more universities."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I gladly support the Resolution which has been moved by the Hon'ble Mr. Sarma. I only wish the figure which he has given were larger because I feel that the universities do need a great deal more help than they have up to this time received. I hope the Hon'ble Finance Member and the Hon'ble Education Member will agree to set apart at least this sum if a larger sum cannot be provided. While I do not yield to any of my friends and colleagues in my desire to see primary education extended all over the country, while I do not yield to any one in my appreciation of the very great importance of secondary education being put on a sound footing, I yet feel that university education ought to receive its proper measure of support from the State and from the public, and I think that in any money which can be spared at present too much cannot be set apart for university education. This recommendation comes at a very opportune moment. The Calcutta University Commission have made very many recommendations for modernizing university education. I think whatever differences there might be in regard to details, generally speaking, there is a unanimity of public opinion that the university should be modernised, that is to say education should be provided in a larger measure than has been done in the past. Now this wants money, and large sums of money too, and it is, therefore, desirable that the Government should set apart whatever sum it can to further strengthen the universities. It may be said that the provinces will be in a better position now than they have been in the past and the provinces will contribute in a larger measure to the universities situated within their areas. I hope they will. But even so when the Government of India are in a position to spare some money to be devoted to useful purposes, it would be very proper that they should not forget the universities. As regards the question of the distribution, the resolution recommends that the money should be set apart for starting and assisting the starting of new universities and the maintenance thereof. I am at one with my friend Mr. Sarma and my friend Mr. Chanda in desiring that there should be many more universities established in India. The number of universities in India is still very small, but I share one feeling which, perhaps, they do not share to the same extent, namely, that the universities which exist ought to be strengthened to the fullest extent. It takes a lot of money to start a university as I can tell from experience. The public have contributed Rs. 62 lakhs in hard cash to the Benares Hindu University, and the Ruling Princes have contributed, if we take the capitalised value of their grants, about 21 lakhs. The Government of India give us an annual grant of 1 lakh, but we find that the money is all too insufficient for the needs of the university, and we find that we have to raise another 50 lakhs of rupees within twelve months or so in order to put the University on a satisfactory footing. I would ask my friends, therefore, who are anxious to see universities put on a satisfactory basis, to concentrate their efforts, in the first instance, upon strengthening some centres. I do not say which particular centre. Let the centres be selected in an impartial way from the point of view of where the public interest would be best promoted, but I would strongly urge that a few centres well established which are able at once to provide the money and use it to good purpose, should be selected and strengthened. After this has been done, let there be new universities started. I should not be understood to say that I am opposed to the starting of new universities altogether, but I say let not the desire to see the number of universities increased lead to the universities which exist being starved and not being given their proper measure of support. There is no question but that if one particular centre is strengthened, it will benefit the whole country. We have education of the highest type provided in many centres, and it should be the aim of the Government and the public to combine to co-operate to make at least one centre such as would contribute to the needs of the youth of India in all parts of the country.

"If one centre is properly developed, it will be a great help to other centres. Therefore, I would suggest, if the Resolution commends itself to the Hon'ble the Finance Member, that, in the distribution of funds, what should be kept

in view is not an equal distribution among the various provinces, but a distribution in such centres that the largest amount of good will be derived from it for the present. Perhaps in the next year, the distribution may be made to another set of Universities, but at present the needs of the country require that there should be a few universities put on a proper footing, and that cannot be done without a large sum of money being set apart.

"I, therefore, support the Resolution and hope it will find acceptance with the Government."

The Hon'ble Mr. Shafi :—"Sir, my Hon'ble friend Mr. Sarma asks the Government to devote the sum of rupees 30 lakhs, 72 thousand for distribution among the various provinces for the purpose of starting and assisting the starting of new Universities and the maintenance thereof. My Hon'ble friend Mr. Reddi, as will be noticed from the next Resolution, would like to have 15 lakhs out of this sum of rupees 30 lakhs, 72 thousand devoted to the purpose of scholarships to deserving pupils of the depressed classes, while my Hon'ble friend Pandit Madan Mohan Malaviya would like to see this sum distributed not in the manner in which my friend the Hon'ble Mr. Sarma proposes, between the various provinces in proportion to their needs, but distributed among definitely selected educational centres in order to strengthen the existing Universities and also to strengthen secondary education. But when I tell my Hon'ble friends what the nature of this 30 lakhs 72 thousand is and how it is not a new sum to be disbursed during the ensuing year for various projects as suggested by them, but that it is a definite sum, itself part of a larger sum most of which has already been assigned, and in the past year too this sum has been spent on definite objects, they will, I am sure, be convinced that there is no sum in the hands of the Government of India which can be distributed between the various objects suggested by them. Let me point out to them that this sum of rupees 30 lakhs, 72 thousand is merely a portion of the annual recurring Imperial subsidies, most of which have already been assigned to various objects and various provinces. This particular sum, no doubt, still remains under the control of the Government of India, but 27 lakhs, 42 thousand out of this sum have already been allotted to technological and agricultural education, so that the Government of India has got only 3 lakhs, 30 thousand. It is this remaining sum which can be distributed for other objects. And let me remind my friend the Hon'ble Pandit Madan Mohan Malaviya that out of this 3 lakhs, 30 thousand rupees, one lakh is the annual recurring grant which the Government of India make to the Benares Hindu University, so that there remain only 2 lakhs, 30 thousand in our hands to be spent for other educational purposes. We have not got this sum of rupees 30 lakhs, 72 thousand, as some Hon'ble Members imagine, which can be distributed between either the various provinces for the founding of new Universities, or can be given to various provinces for endowing scholarships to the depressed classes. I am sure Hon'ble Members realise that no one has greater sympathy with the object which they have in view, I mean the founding of new Universities or the improvement of existing Universities than myself, and I can assure the Hon'ble Mr. Reddi that, if funds were available, I would be the first person to press upon the attention of my Hon'ble colleagues the necessity of giving scholarships to the depressed classes. But the proposals now put forward in Council are obviously based upon a misapprehension of the real state of things, and I trust that the explanation which I have given to Hon'ble Members will satisfy them that the Resolution as put forward cannot be accepted. I might mention that out of the portion which is earmarked for technological education, we have given a sum of Rs. 77 thousand to the Benares Hindu University for mechanical engineering; and this will further elucidate the real state of things to Hon'ble Members. I trust that, after this explanation, my friend the Hon'ble Mr. Sarma will see that there is really no sum of rupees 30 lakhs, 72 thousand which can be distributed in the manner in which he suggests."

The Hon'ble Mr. Srinivasa Sastri:—"Sir, I must confess I do not understand the Hon'ble the Education Member's explanation. At page 47 I read 'the budget estimate for 1920-21 exceeds the revised for the current year by 33·97 lakhs, the increase being mainly due to a reserve provision of 30·72 lakhs representing the portion of the recurring appropriation of 2 crores 14 lakhs that has not been allotted to definite objects.' Then follows a detailed statement in the next paragraph where a sum of 30·72 lakhs is shown as a reserve that is not yet appropriated to definite objects. It must have been appropriated to certain definite objects, as the Hon'ble the Education Member says, after the statement was prepared. Then the Hon'ble Mr. Sarma is perfectly right in asking for a definite appropriation. If the appropriation has been made since then, that, I think, is responsible for it. The Hon'ble Members have been misled by the statement."

The Hon'ble Rao Bahadur B. N. Sarma:—"Well, Sir, it is unnecessary to state that the wording of paragraphs 102 and 103 gave us the impression that there is still in the hands of the Government this 30 lakhs 72 thousand available for this year. But if I understood my Hon'ble friend the Member for Education aright, he did say that this 30 lakhs was in one sense no doubt under the control of the Government of India, inasmuch as they could, if they liked, after this year, say that these 30 lakhs shall be employed not for technological or agricultural education, but for some other items, but that during this year the amount has been already appropriated. Reading the explanation and the wording of paragraph 102, I understand that, though 30 lakhs is taken out of the control of the Government of India this year, because they have finally appropriated that sum to technological or agricultural education, it is still open to them to withdraw from those two and give it to somebody else if they like to do so hereafter. Still, as a matter of fact, it is not available now, because they have appropriated it or promised it for technological or agricultural education.

"Well, Sir, under these circumstances I may, I think, still put in a plea for the new Universities. Technological and agricultural education might well be accommodated under Agriculture and Industrial Education, for which there are large grants, and education proper be granted this sum of 30 lakhs. What I am most anxious about is this, if the Government of India are going to base their future contribution of six crores from the various provinces on the total of Imperial expenditure, including this 30 lakhs at the end of this year, these 30 lakhs will be available to them. If so, why cannot they promise it to University education on the lines I have mentioned? Of course if I am told that it is absolutely impossible, I shall not press this resolution."

The Hon'ble Mr. Shafi:—"Sir, may I venture to remove one misapprehension which exists apparently in the mind of my friend, the Hon'ble Mr. Sastri. He quoted from page 47, paragraph 102, the following words:—'The budget estimate for 1920-21 exceeds the revised for the current year by 33·97 lakhs, the increase being mainly due to a reserve provision of Rs. 30·72 lakhs representing a portion of the recurring appropriation of Rs. 214 lakhs that has not been allotted to definite objects.' This expression 'has not been allotted to definite objects' only means that this sum has not been allotted to definite objects in this budget statement; that is all. It does not mean that this sum is a sum lying in the hands of the Government of India as a sort of reserve which can be disposed of at any time when a particular call may arise. As a matter of fact, the major portion of this sum, following the example of last year, is intended, as I pointed out, for technological and agricultural education, and I am sure my friend, the Hon'ble Mr. Sarma knows full well the great cry in the country for encouragement of these two branches of education. The need for technological and agricultural education is so widely recognised by all sincere well-wishers of the country, that I am perfectly certain public opinion would support the Government of India in their intention of spending this portion of the sum on the encouragement of

those two branches of education. That exactly is the position, and I trust that that position being fully understood, my friend, the Hon'ble Mr. Sarma, will withdraw his resolution."

The Hon'ble Rao Bahadur B. N. Sarma:—"May I ask for an explanation, Sir? Is this 30 lakhs or 27 lakhs of recurring grant finally appropriated to technological and agricultural education? If so, I have nothing more to ask."

The Hon'ble Mr. Shafi:—"It has not yet been given to the provinces, but it is earmarked for these purposes and we intend to give it."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to withdraw the resolution."

The Vice-President:—"I understand the Hon'ble Member asks for leave of the Council to withdraw his resolution?"

The Hon'ble Rao Bahadur B. N. Sarma:—"Yes, Sir"

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* SCHOLARSHIPS FOR DEPRESSED CLASSES.

The Hon'ble Mr. K. V. Reddi:—"Sir, the resolution I have to move runs as follows:—

'This Council recommends to the Governor General in Council that in the Budget Estimate for 1920-21, the Reserve of 30·72 lakhs shown in paragraph 103 (*iii*) of the Explanatory Memorandum be reduced by 15 lakhs to be granted to the provinces and earmarked for scholarships to deserving pupils of the depressed classes.'

"The fate of this resolution is more or less sealed by the answer just given by the Hon'ble Education Member. But, Sir, there is always hope when there is life, and it is customary with all people to bring in the biggest doctor even when life is almost going out of the body. It is in that light that I once more make an appeal to the Hon'ble Member in charge of Education to see if it be not possible to include this item in the term 'agricultural expenditure' for which we are told this reserve of 30·72 lakhs is intended. The depressed classes, it is well-known, are mostly agricultural labourers in this country, and if agriculture can be improved by the education that could be given to landlords, it is my humble submission that it could be as well improved to a certain extent by education being given to the agricultural labourers; and in that light I would earnestly appeal to the Education Member to see that at least a portion of this is given to these agricultural labourers who are the depressed classes. I thought I could place the necessary statistics before the Government, but I feel almost disheartened and I am not at present inclined to go into the whole question; but, Sir, I would just bring to the notice of Government what is being done in the premier Native State of Mysore, where two years ago the system of scholarships to the depressed classes was introduced, and my friend Mr. C. R. Reddy, the Inspector General of Education in Mysore, was telling me that it was a very good success during the short time it was in operation. It will be seen, Sir, that there are various causes why scholarships should be given to these poor unfortunate beings. I know Government has been doing their best for the elementary education of all classes in this country, and also to some extent of these Panchamas; but economic causes prevent these depressed classes from taking advantage of the benefits that are shown to them by the Government. Schools are no doubt established, but it is the experience of those that have occasion to go into the schools and see them that at least six months in the year these schools are practically empty. During certain seasons, such as the harvest season and the transplanting season, one

would only see empty benches in these Panchama elementary schools. The reason is simple. A child of 10 or 12 years will perhaps earn a rupee or two for the parents, or it may be that the child has to take food to his father in the field, or it may be that an elderly child will have to take care of the baby leaving the mother to go and work in the field. Education would, therefore, be impossible to be imparted to these unfortunate beings, unless some encouragement is given to them; and it is in that light I have pressed for this resolution. I know that hereafter the education of these classes will be in the hands of the Provincial Governments. All that I expect and pray for here is, that the principle may be recognised, so that, in the future, ministers may not find reasons to deny this kind of relief, this kind of benefit, to the depressed classes, so that you may here establish a precedent which no minister can afford hereafter not to follow. It is only for that purpose that I move this resolution. I do not mind what the amount may be; it may be a very small amount; but I only request Government to accept the principle and to do what little they can in the matter of bringing it into the expression 'agricultural education'."

The Hon'ble Mr. Shafi:—"Sir, I have already explained to Hon'ble Members the exact position with regard to this sum of Rs. 30·72 lakhs; but perhaps it will interest Hon'ble Members if I were to read to them certain passages out of the publication called 'Progress of Education in India' for the years 1912-17, issued by our Bureau of Education. At page 208, paragraph 510 runs as follows:—

'The special measures adopted for bringing aboriginals and the depressed classes to school are (*a*) scholarships and fee exemptions, (*b*) the special hostel system, (*c*) instruction in industries, (*d*) special training facilities, and (*e*) special inspection.'

"Hon'ble Members will notice that one of the measures adopted is scholarships and fee exemptions. Paragraph 511 deals with this particular head. This is how the paragraph runs:—

'Generally speaking, these classes read free and are encouraged by scholarships and rewards. In Bombay, books and slates are supplied free of charge and clothing is distributed, after the examinations. In Bihar and Orissa, scholarships are offered including college scholarships, and two scholarships in the Kalimpong lace school for Arboriculture, and one more for the Veterinary College. In the Central Provinces and Assam, 30 and 37 scholarships, respectively, are reserved for aboriginal and depressed classes; five of the former and 21 of the latter are college scholarships.'

"After describing the various other methods adopted for the encouragement of education among the depressed classes, the net result is summed up in paragraph 516:—

'When it is considered that only 3·22 per cent. of the total population is at school, a percentage of 2·13 among the depressed classes in Madras is in comparison not altogether unsatisfactory.'

"It will thus be seen that the various Provincial Governments are already adopting measures for the encouragement of education amongst the depressed classes, and I am sure my Hon'ble friend Mr. Reddi will be gratified if I say to him that educational progress amongst the depressed classes has the entire sympathy of the Government of India."

The Hon'ble Mr. K. V. Reddi:—Sir, I think that my only alternative is to beg leave to withdraw this resolution. But before doing so, I may be permitted to make one or two observations. I have examined the figures given in the Report on the Progress of Education in India for the years 1912-1917 and the remarks appearing at page 209 in it. The figures given there are no doubt correct, but in my humble opinion they are somewhat misleading. 3·22 per cent. of the population is no doubt all that is at school, but that is, when taking the whole population into account including not merely the higher classes but also the depressed classes, the aboriginals and the criminal tribes. The population of these three classes, namely, aboriginals, depressed classes and the criminal tribes is something like 45,721,924 as appears from the Report. Of these, there are at school 4,82,244. If we take a percentage of these, it will be found that only ·94 are at school. On the

other hand, if we take the other or higher classes alone into account, we find their population is 198,299,176, of whom, 7,369,697 are at school, working out a percentage of 3·9. By pointing out this discrepancy it is not my desire to say that the Government has not been sympathising with the education of these lower classes. I fully appreciate, if I may say so, and I am thankful to the Government for, the great sympathy they have shown. But, Sir, the impetus given is not enough. Being a product of a University myself, it cannot for a moment be said that I depreciate University education. But, Sir, it looks to me that there is in our educational system something, as has rightly been described, top heavy. Perhaps this top-heavy nature is to be found in some other departments also, but there is a class of people who honestly believe that Government may devote more attention and more money to elementary education than to higher education comparatively speaking. With these submissions I beg leave to withdraw my resolution."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* GRANTS TO PROVINCIAL GOVERNMENTS FOR COMPULSORY PRIMARY EDUCATION.

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer:—"Sir, I beg to move that—

'This Council recommends to the Governor General in Council that the surplus of two million provided in next year's budget be reduced by £500,000, and this latter amount be set aside for being utilized in grants to Provincial Governments to enable them to assist municipalities in financing schemes of compulsory primary education.'

"Sir it has been the practice of Finance Members to provide a considerable surplus in the budget, and that procedure has been defended on the ground that a surplus is necessary to enable Government to meet unforeseen financial liabilities.

[At this stage the Hon'ble the Vice-President vacated the chair and the Hon'ble Sir Claude Hill took it.]

"Without entering upon a discussion of the disputed question of surpluses, which has been a subject of repeated criticism in this Council, I may be permitted to observe that the reduction of our contemplated surplus next year by half a million, which I propose will not create an embarrassing situation for the Finance Member, and yet will place at his disposal a sum of money which is urgently called for for the expansion of elementary education in the country. Members of the Council are aware how keen the people are on this question and how, in spite of the burdens they are willing to impose upon themselves the financing of schemes of compulsory primary education in several municipal areas in proving utterly beyond their capacity. With the full knowledge that the proposition will be challenged, I venture to make the statement that the financial responsibility of the expansion of elementary education among the mass of the people must be shouldered to a great extent by the National Government. The resources of Provincial Governments are not likely to be equal to the strain that will be put upon them by the demand of municipalities and local bodies for assistance in spreading mass education, and financial autonomy in provinces will not increase their resources to necessary extent. I want the Government of India to assume the responsibility of the extension of elementary education. Mass elevation and Mass education, on which depends the future of the country, are matters of national importance, which should be recognized by the Government of India. I am aware the objection will be raised that the system of doles to be given by the Central Government to the Provinces has been discredited, and that Provincial Governments must in the near future be left to solve their

own problems without either patronage or control proceeding from Delhi. There is also the imminent separation of Imperial and Provincial Finance which may be pleaded in opposition to the arrangements I am proposing.

"I contend with reference to these objections that if we grant the urgency and the vital importance of mass education, we have to admit the necessity of providing liberal finance for the purpose. Provincial Governments and municipal and local bodies will, of course, bear their proper share of the expenditure. But their resources will have to be materially strengthened if they are to undertake schemes of compulsory education in the immediate or near future It is here that the National Government must play its part and be prepared to shoulder its responsibility. If Government set aside, from year to year a definite sum for being devoted to the partial financing of elementary education, they will facilitate and encourage the educational progress which every one has at heart as being the very foundation of all advancement. To begin with I propose that half a million should next year be set aside and be made the nucleus of an educational fund which will grow as we proceed and which may be made available to municipalities and local bodies which undertake schemes of compulsory education, but which without some help are not in a position to put the projects into operation. The Central Government alone with its long and elastic resources can render assistance in this way and hence my proposal. With these words, I move the resolution."

The Hon'ble Mr. W. M. Hailey:—"Sir, it has frequently been the custom in the past for Finance Members when rising to oppose a resolution, to begin by expressing their sympathy with it. Now the cause of Primary Education needs no perfunctory expression of sympathy from me; and I shall deal with this question frankly and simply as a financial matter. What is the claim that the Hon'ble Member seeks to establish now? It is this, that the Imperial Government shall make itself responsible for Primary Education. It will at once occur to every member of this Council that that claim strikes at the root of our Reforms policy. If Local Governments are to become more effectively autonomous, if they are to provide their own resources for those subjects over which they will have complete administrative control, then the proposition put forward by the Hon'ble Member must at once fall to the ground. I have said, however, that I shall treat this purely as a financial matter. Now Hon'ble Members have taken so much interest in the details of the Budget,—an interest, which has been kindly on the part of some members, though less kindly on the part of others,—that it will perhaps be unnecessary for me to dilate here as to the manner in which one expected surplus is made up. Our surplus cannot be realised unless we succeed in making good our gains by Exchange; and it is therefore necessary to keep in our minds a very clear idea of how this surplus, if realised, must be spent. It must be spent not on grants for expenditure such as the Hon'ble Member desires to see, nor on forming the nucleus of a permanent fund such as his proposal would commit us to; it must, as I have tried to plead to the Council before, be devoted entirely to putting ourselves straight in regard to what I may (using the language which we use every day in private life) describe as our overdraft at the Bank. This is one point. The second point is this, that Local Governments themselves will in future, if our anticipations are realised, have far larger resources for meeting the cost of Primary education than they have at present. This, I think, should give the Hon'ble Member some consolation, and should give him the guarantee that the cause he is pleading for need not want that financial support which he desires. The provinces, putting the matter roughly, will have some eleven crores a year more than they have now, and I think it is reasonable on my part that I should refer the Hon'ble Member to the Provincial Councils themselves, and ask him to establish in those Councils his claim that a larger share of their resources should be devoted to Primary education. I have a final point to make in this connection. At

the end of the current year the provinces will still have one crore and seventy-eight lakhs of unexpended Imperial Grants which have been earmarked for expenditure on Education. I imagine therefore that there are substantial reasons why they have not included larger sums in their Budgets for Primary education, reasons which are best known to the Local Governments themselves. I put to the Hon'ble Member therefore that any immediate pressure he wishes to apply should be applied in the Local Councils, and not here".

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer:—"Sir, I am sorry the Hon'ble the Finance Member cannot see his way to accept my Resolution, and, in view of the observations that have fallen from him in this matter, I think I have no other alternative than to ask your permission to withdraw it".

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* WITHDRAWAL OF FINANCIAL ASSISTANCE TO MILITARY FORCES.

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move that the Rules of Business be suspended to admit of my resolution number 5 being discussed."

The Hon'ble Sir Claude Hill (*presiding*):—"I suspend the Rules of Business".

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the Resolution that stands in my name that—

'This Council recommends to the Governor General in Council that the provisional allotment made in the revised estimates, 1919-20, and the Budget estimates, 1920-21, towards contributions from India to the United Kingdom under the Resolution passed by this Council on the 9th September 1918 *re* financial assistance in respect of the cost of the military forces raised or to be raised in India be omitted, and that no further payments be made thereunder.'

"Sir, this is not strictly a Budget resolution and at my request you have been good enough to suspend the Rules of Business in order to enable me to put the resolution before this Council. The Council is aware that when the people of India made the contribution of one hundred millions towards the expenses of the War they were told that that would be the last contribution. However in September 1918, the Hon'ble Sir William Meyer, the then Finance Member, moved a resolution in this Council that a further contribution should be made by India, and he left the decision of the resolution to the non-official Members of the Council. My Hon'ble friend Mr. Sastri then moved an amendment to the resolution of Sir William Meyer. That amendment proposed the addition of the following words—'and recognise that such larger share be to the extent and under the conditions and safeguards indicated in the speech of the Hon'ble Finance Member in moving this resolution.' That is to say, he wanted that the further contribution should be made only to the extent and under the conditions mentioned in the speech of the Hon'ble Sir William Meyer in moving that resolution. That amendment was accepted by the Hon'ble Sir William Meyer, and ultimately the resolution as amended was carried by a majority vote of the non-official Members. Now the significance of the words 'the extent' used by my Hon'ble friend Mr. Sastri was that the Council committed the country to a contribution of 45 millions only, and the significance of another part of the amendment relating to conditions was that the non-official members accepted that resolution under three conditions mentioned in Sir William Meyer's speech. If any of those conditions did operate, then the question of payment of the contribution was to be re-considered. What were those conditions? The conditions were (1) if the agricultural conditions became worse than they were then, (2) if exchange should be affected adversely, and (3) if we should have to fight on our own frontiers on our own account.

If any of these three conditions happened, then our liability to pay the proposed additional charge would be re-considered. Now what I want the Council to remember in the first place, before we go into the question whether any of these conditions have operated, is that the resolution was passed by the Council in September 1918 on the supposition that the war would last till the end of 1919. That was the supposition underlying the whole resolution. If we had known that the war would come to an end in November 1918 or about that time, there would have been no occasion for the passing of that resolution at all. As a matter of fact, if there was no Council meeting in September, if the meeting were, say, in November, then there would have been no resolution at all for further contribution. It was passed on the supposition, as I said, that the war would last till the end of 1919. But the war came to an end earlier. And therefore my submission in the first place is that that resolution does not hold good at all. Then, again, I submit that the conditions mentioned in the resolution itself have operated, at any rate two important conditions have been satisfied. The agricultural conditions were worse in subsequent months than in the month in which the resolution was passed; we had to fight our own battles on our own frontier on our own account. It is an admitted fact, Sir, that in 1918 there was a failure of rain, and famine had to be declared in several parts of India in 1918, as well as in some months of 1919. It was a widespread scarcity in the whole of India and famine in several parts of India. Of course when the resolution was passed it was already known that the agricultural conditions were bad, but there was expectation that the late rains might save the situation. But unfortunately it happened otherwise. We did not get rains and there was consequent scarcity and famine. So that the first condition at once operated, and there arose therefore the ground for the re-consideration of the whole question. In fact several public bodies and associations in India passed resolutions asking the Government of India to reconsider the resolution and requesting the Secretary of State not to take any action on that resolution. In Bombay, for instance, the Bombay Presidency Association, of which my Hon'ble friend Sir Dinshaw is the President . . .

The Hon'ble Sir Dinshaw Wacha :—"Not now."

The Hon'ble Mr. V. J. Patel :—"Now he is the Vice-President."

The Hon'ble Sir Dinshaw Wacha :—"I have no connection with it now."

The Hon'ble Mr. V. J. Patel :—" passed a resolution appealing to the Government of India, in view of the agricultural conditions in India, to re-consider the resolution. However somehow or other Government did not do anything of the kind then, and I do not know whether any action was taken by the Secretary of State on the resolutions passed by these public bodies and associations. Nor do I know whether the matter was placed before the two Houses of Parliament, whose sanction is necessary before any contribution could be taken from India. Even up to now I do not know whether the contribution has been sanctioned by the two Houses of Parliament. But what I wanted to point out, Sir, was this that, in spite of the fact that the agricultural conditions grew worse, and therefore the first condition operated at once, the Government of India did not take any action by way of re-considering the resolution. My Hon'ble friend the Finance Member has now suggested in his narrative that the matter is open to re-consideration. That gives us some hope and therefore I have ventured to bring this resolution before this Council. If my Hon'ble friend the Finance Member had not mentioned it, probably we would never have brought this resolution and the question would not have been the subject-matter of any discussion in the Council. It was because the Government thought it proper to tell this Council and the public that this was a matter which required re-consideration or which could be re-considered, that this resolution comes. Of course we made attempts in the past to get the

Government and the Secretary of State to re-consider this question, but they did not do so then. Now Government comes forward—it is very good of them—and tells us 'you can re-consider the matter and we shall leave the decision of it to the non-official members.' Of course the decision of the non-official members you can very well understand in a matter of this kind.

"The ground on which according to my Hon'ble friend the Finance Member the matter is open to re-consideration is that the third condition, namely, that if we should have to fight on our own account on our own frontier, the question of further contribution would be re-considered, has been satisfied. That condition, Sir, was fulfilled long before even the last September Session. Why were we not asked to re-consider the question then? However, I do not complain; better late than never. The question now is how far this matter is open to re-consideration. The position is this. Under the Resolution, if the war lasted till the end of 1919, we were bound, the country was bound—because after all the decision of the non-official members was taken as representing the views of the country—to pay 45 millions. Very well. The war ended early and we expected that no contribution would be taken, but the Government of India, after some correspondence with the Secretary of State and the Home Government, came to some settlement, and they said that 31 millions and not 45 millions would be taken. So, according to the decision of the Government of India, arrived at after consultation and settlement, with the Home Government, we were bound to pay 31 millions. 13 millions have already been paid, so there remain 18 millions to be paid. This 18 millions will consist of effective as well as non-effective charges—I will not go into the question as to how much would be on account of effective and how much on account of non-effective charges. If the question is not re-considered, we will have to pay 18 millions We had to undergo an expenditure of 14¾ millions on the Afghan war according to the revised estimates of 1919. Now, Sir, I must make it quite clear that, as the Resolution stands, I do not touch the question of the amount already paid. I do not say that we should ask that it should be refunded, nor do I say that we should not ask, I leave that question open in fact for another occasion should any one be disposed to re-open it. My resolution does not commit the non-official members of this Council one way or the other on that question which will remain open. I thought mine was a Budget Resolution and that I could not include in it the question of amounts which had been dealt with in the previous budgets, and therefore I restricted it to the figures of the revised budget estimates of 1919 and to the budget estimates for 1920. Therefore, as I say, my Resolution leaves that question of the 13 millions already paid quite open to be discussed on some future occasion, if some one so desires. The sole question at present is, whether we should pay the 18 millions which remain to be paid or not.

"Now in the last paragraph, paragraph 8, of Appendix II of the Financial Statement, the *pros* and *cons* of the question have been stated by the Finance Member. He says:

'One of the conditions attached to the guarantee having become operative, namely, the occurrence of war on the frontier, it might on the one hand be justly urged that the cost of the frontier operations (£14¾ million) should be deducted from the contribution promised.'

"I do not understand why the proposed contribution should be reduced by that amount only. If one of the conditions has been fulfilled, then the whole question is open to re-consideration, and you cannot say therefore that so much only should be deducted; you cannot with any reason urge that only to that extent should the contribution be reduced.

"The Hon'ble the Finance Member goes on to say:—

'On the other hand, it might be pointed out that, even if the cost of the Afghan war be added to the cost of the further contribution as now estimated, the net result would exceed by very little the original estimate of £45 million framed by Sir William Meyer in 1918, which was accepted by India as the amount of her liability.'

"Now, Sir, that liability was accepted by the non-official members of this Council on behalf of India on the supposition that the war would last till the

end of 1919. The argument that, because India had accepted a liability of £45 million, therefore, even if the Afghan war expenditure were added to the present liability of 31 millions, it would not exceed very much the £45 million promised, will, I hope, not appeal to this Council. Circumstances are quite different. The war ended early, and, in view of the fact that we passed the Resolution on the supposition that the war would last till the end of 1919, we are not bound to pay that amount, other considerations apart.

"The Finance Member goes on—

'Secondly, there is the important consideration that the excess profits duty, which is expected to bring in 9 crores, was specially imposed to pay for the portion of the contribution falling due in 1919-20.'

"That is true. But we want money for various purposes. Sir, because a particular contribution was levied for a particular purpose, and it is found that contribution is not necessary for that purpose, it is absurd to suggest that the contribution should still be utilized for that purpose.

"The last point that the Hon'ble the Finance Member has raised is one which it is very difficult for me to understand, and I do not know whether there are any other friends of mine who understand it fully. He says:

'Finally, there are strong grounds for holding that any re-consideration of the case should not in any case extend to the non-effective charges in view of the nature of the settlement referred to in paragraph 5 above, since to do so might involve India in liabilities which cannot now be definitely stated.'

"We do not know what those liabilities will be. It is stated in paragraph 5 that—

'It has been a long-standing practice, dating from 1870, for India to bear the Indian service share, if any, of *all* pensions of British troops employed in British campaigns, while His Majesty's Government do the same in the case of Indian campaigns.'

"And on account of that practice claims may be preferred by the Home Government. That is the suggestion, if I understand it aright. When we passed the resolution regarding the £45 millions it was definitely stated by the then Finance Member himself in his speech 'we consider that, in present circumstances, we might offer to bear the extraordinary pension charges on account of Indian troops and followers, and British officers of the Indian Army; and the 'service share' of similar charges relating to British troops including both those who belonged to the Indian establishment at the outbreak of the war and those who have at some previous time served in India.' If we were really bound to pay or if the Home Government could as of right make us pay the expenditure regarding certain service share charges, where was the justification for Sir William Meyer to include those charges in the resolution of September 1918? As a matter of fact, Sir William Meyer and the Government of India were of opinion that we were not liable for those charges, and therefore it was necessary to include them in the resolution so as to make it clear that we undertook to bear them by that resolution. I do not think I need. . . .

The Hon'ble Sir Claude Hill (*presiding*):—"The Hon'ble Member still has a few minutes; but I think the Council would like me to draw his attention to the fact that there is a great deal of work and a great many resolutions before the Council, and perhaps he will endeavour to bring his remarks to a close within the period allotted to him."

The Hon'ble Mr. V. J. Patel:—"Even if I had not been asked to finish I had not in fact to say anything more. I hope the non-official members of this Council will favourably receive this resolution, and in fact welcome it, and as it is based on a suggestion of the Government I do not suppose there will be any difficulty in the way of its being accepted."

The Hon'ble Sir Dinshaw Wacha :—"Sir, I beg to move the following amendment to the Hon'ble Mr. Patel's resolution :—

'That for the words 'the provisional allotment . . . be made thereunder' the following words be substituted, *viz.*, . . .'

I regret that I am not able to read out the whole amendment as my eyes are rather bad. I hope the Council will take it as read."

The Hon'ble Sir Claude Hill (*presiding*) :—"I think perhaps it may be convenient if I read out the amendment. The Hon'ble Member's motion is—

'That for the words 'the provisional allotment . . . be made thereunder' the following words be substituted, namely :—

'The sum shown in paragraph 7, Appendix II, Financial Statement, as still payable for effective and non-effective charges under the Resolution passed by this Council on the 10th September 1918, on Sir William Meyer's motion, be paid to His Majesty's Government, after deducting therefrom the expenditure on the Afghan War and the Frontier Tribes Expedition.'

The Hon'ble Sir Dinshaw Wacha :—"Thank you, Sir. Two reasons have prompted me to bring forward this amendment. Firstly, there prevails a general feeling amongst my non-official Indian colleagues in this Council in reference to this particular contribution. Secondly, there is evident equity and justice to have this contribution waived now. My friend, Mr. Patel, has already in a preliminary way cleared the ground for me, and I do not want, therefore, to travel over it again. The reasons and the conditions which were operative before are no longer operative now. But I may say this, that all through the debate which took place in September 1918, both at the informal committee and afterwards in the open Council, most non-official members very willingly, and with the greatest alacrity, agreed to the further contribution of £45 millions as proposed by Sir William Meyer. India had up to that time rendered every possible service to England to enable her to win the war. She assisted the Government at Home with men, money and other services in all sorts of ways. In fact, we may justly say that India is very proud of the share she had in enabling England to win the war. That being so, the contribution was at that time ungrudgingly granted, specially as she was threatened on her North-West Frontier by the enemies of the Allies. Mr. Lloyd George in his memorable speech of March the 4th of that year had observed that the Eastern menace was so great that India would do well to take care of herself; and we all thought that it was necessary not only for India's safety, but also in view of the great danger to which the Allies might be exposed on the Western front of the War. They therefore cheerfully agreed to the contribution of £45 millions. Well, Sir, events turned out very differently from what was anticipated. Happily for us and the world the war did end soon after the September resolution : the armistice was signed sometime in November 1918. I think my friend, Mr. Patel, was right in observing that had that resolution been brought forward two months later, in all probability it would not have been necessary at all. That being the case, it stands to reason, that we ought now to re-consider the position. In re-considering it I beg to refer to one point in connection with the third Afghan war. That war has cost us £14¾ millions. I intended speaking on the subject yesterday, whilst the debate was going on on the budget; but it became very late and as I could not attend the Council at the later hour in the evening, I now take this opportunity of referring to the important matter. It is, in my opinion, greatly relevant to my amendment, and I should like to say a few words on the subject. It has astonished me, as I think it has astonished a great many of my Indian friends, that this little war of six months should have cost as much as £14¾ millions ! It is an appalling sum, even after making every possible allowance about the variety of objects to which the Finance Member referred very freely, frankly and unreservedly in his

speech, namely, as to the equipment of the forces, medical and other necessities, and the modern materials and resources of warfare which had to be introduced in this war. Even after making a most general allowance for these things, I do say, Sir, that the amount expended on this Afghan War is to me most extraordinary. I cannot understand it; there must be some great leakage somewhere, some great wastage of expenditure which cannot be accounted for. There is no mistake about this waste. I may here bring to the notice of the Council one pertinent fact. Sir, the second Afghan war lasted for nearly three years, from 1877 till the end of 1879. The total cost of that war amounted to only £20 million sterling. There were many disagreeable military incidents in that war. Many of my friends here, perhaps, may not recollect them. Many must have been very young then; but there is my old friend there, Mr. Banerjea, who would probably have been 32 or 31 then, and he, I doubt not, recollects what that war cost and what were those disagreeable incidents of that campaign . . .

The Hon'ble Sir Claude Hill (*presiding*):—"May I ask the Hon'ble Sir Dinshaw Wacha whether this really has any reference to the question of his amendment?"

The Hon'ble Sir Dinshaw Wacha:—"I do submit, Sir, that it does in one way bear upon it, because I want to point out why we should forego this contribution of £14¾ million. I will say a few words only on the point and no more. Two distinguished Generals were there; one marched from Kabul to Kandahar, and another marched from Kandahar to Kabul, in order to retrieve the situation on both directions. There was a great reverse of British arms at Maiwand. But I will refrain from saying more on the subject. Apart from that, there was the severe famine of 1877-78 in the whole of India, and especially in the Madras Presidency. The famine was so very great that the Government reduced the usual famine rations from 2-lb. to 1⅓-lb. per head. On this unwise reduction there was very severe criticism in the whole of the Indian Press. Whatever money was wanted for that war was of course freely spent, but at the expense of the famine conditions. Millions of people died because of that reduction in the famine rations of the starving and the hungry. Then the Liberal Government came into power in 1880, with Mr. Gladstone at the head of it, soon after his memorable success in the Midlothian Election campaign. The late Duke of Devonshire was the Secretary of State for India. The hue and cry raised in the House of Commons was very great. The war was taken on hand in the Imperial interests of England and not in the interests of India, and that a contribution should in justice be made to India. The House resolved to contribute five millions towards the cost of the war. The actual cost of the war, therefore, to India was fifteen millions. Thus, the Second Afghan War which was waged for three years cost India only 15 millions, while this little war of six months has cost us 14¾ millions! Just contrast the difference. I say that I cannot understand why there should have been this extraordinary expenditure; of course it is an accomplished fact and I only refer to it in order that my Honourable friends, particularly the non-officials, may be enabled to come to a right understanding why I wish this amendment should be passed. I think it is only fair to India that this cost should not be borne by her. India has never grudged any voluntary contribution that was needed to win the war. In fact, from the Secretary of State downwards, every one has acknowledged that India has splendidly assisted England and the Allies and fulfilled all her obligations; aye, even more than she undertook and demanded by her ability. That is a fact; and, therefore, I say that having regard to that fact and having regard to this question that the third Afghan war could not entirely be said to be on account of India, my amendment should easily find acceptance. It was partly undertaken in Imperial interests. There was the preservation of the independence and integrity of Persia, and there was the consolidation of Mesopotamia to be safeguarded. Both were objects of grave Imperial interests, interests

in which England and India were equally involved. My amendment on these grounds ought to be accepted therefore. Under the circumstances, it cannot be alleged or urged that the third Afghan war was simply waged to expel external aggression and nothing beyond it. It was something more than expelling external aggression. It was also for the purpose of securing the integrity of Persia and the safety of Mesopotamia. Those, I repeat, being the several reasons, Sir, I consider that in fairness and equity, that from the balance of 18 millions which have still to be paid, it will be wise on the part of the Government to accept this amendment. And it will be wise also on the part of my non-official friends who, I believe, are more or less in harmony with me to agree to the cost of the third Afghan war being deducted from the balance we have to pay. With these words I commend this amendment to the Council for acceptance."

The Hon'ble Mr. W. M. Hailey:—"Sir, if I rise to speak on this motion, it is simply in order, in the first place, to emphasise the fact that it has been decided that the voting on this question should be left entirely to the non-official members of this Council. I have a further object, and that is, to endeavour to supply one or two figures which will make clearer the exact effect both of the resolution and of the amendment, and I hope, Sir, that I am not out of order in the circumstances in giving this information to the Council. The effect of the Hon'ble Mr. Patel's motion would be that we should of course pay no more on account of the 'further contribution' than the 13·6 millions that we have already paid. The effect of the Hon'ble Sir Dinshaw Wacha's amendment would be, that as we now calculate, we should have to pay possibly about £850,000 more. That is to say, that we should, if Sir Dinshaw Wacha's amendment is accepted, probably have to include the sum of one million which is referred to in paragraph 8 of my Appendix, and possibly a further sum of one million which may still have to be incurred in connection with the operations of 1920-21. The net effect of that—I will not trouble the Council with the calculation which is somewhat complicated—would be that we should still have to pay £850,000. That is my contribution for the information of the Council.

"But I have a further object, and that is to ask that it should be made perfectly clear by the Hon'ble Members of this Council for the information of Government what is their intention in another respect, if Sir Dinshaw Wacha's amendment is accepted. Are we to understand by this amendment that it is the sense of this Council that we should deduct not only the expenditure on the Afghan War, the active operations of which are happily closed, but the whole of the expenditure which may be incurred in the future on the frontier tribes expedition? Are we to deduct from the 'further contribution' not only what we have already spent and what forms part of our Budget for the current year, but any future expenditure on these operations in the next year? . . . .

The Hon'ble Sir Dinshaw Wacha:—"May I say one word, Sir?"

The Hon'ble Mr. W. M. Hailey:—"I beg your pardon. I only ask this question with a view to put the matter on a clear footing so that when we make up our accounts and communicate with the Secretary of State any decision to which this Council may come, there may be no mistake whatever about the figures."

The Hon'ble Sir Claude Hill (presiding):—"I will ask the Hon'ble Sir Dinshaw Wacha to explain."

The Hon'ble Sir Dinshaw Wacha:—"This frontier expedition is simply a corollary of the Afghan War, and no thing else. It is part and parce

of it, although you may make a distinction. The Afghan War was entirely for the benefit of India and of England. That being the case I do include the cost of that expedition in the 14¾ millions. That is all I have to say."

The Hon'ble Mr. G. S. Khaparde:—"Sir, I took part in the debate on this Resolution when it came on at Simla, and there I stated that my heart inclined me to pay but my head declined to sanction the expenditure. That was the difficulty then. After two years, I find that the same difficulty endures unfortunately to-day. If there was the great war which was spoken of the other day, there is also a frontier war on our hands to-day and something very troublesome because these little tribes are difficult to control You cannot employ all your forces against them. They are like flies, and you cannot follow a fly with a gun, nor can you run after a fly with a sword, and these small tribes appear, disappear and re-appear. So we have that trouble on our hands. So those conditions still exist, I mean those conditions under which we agreed to pay this money or rather those conditions which would prevent us from giving that money still endure and exist. So I personally support the original proposition. We have a large number of objects on which we have to spend money, and people have been asking for grants for education, sanitation and for various other purposes which appear to be very necessary. In view of this, I think we better not pay anything at all. England is a rich country; she has got any amount of money and she can afford to pay. What is more, it is a matter which has some relevance to the present question. England has got some ships and some goods from Germans and she has also realised some money. Probably a portion of that money we shall get, and I agree that the portion of our share which we shall so receive may be devoted for the purposes of this frontier war or whatever that may be. But as the position stands at present, I still adhere to the original proposition not to give anything at all."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I support the amendment of my Hon'ble friend, Sir Dinshaw Wacha, and for this reason. Of course, it may appear that there is not much difference in effect between the results of Mr. Patel's motion and that of Sir Dinshaw Wacha. But I think, Sir, there is a great deal of principle involved. We do not know exactly what the figures when worked out will come to. Rightly or wrongly we came to a decision in 1918-19. The 45 million was the outside limit which was arrived at on certain calculations. Well, we did not agree to pay as much as 45 millions if it was not necessary, such as, for example, if the war terminated earlier. We had to be prepared to pay more if the war lasted longer than those three or four years for which it lasted. There was a proviso, namely, that we would be entitled to re-consider the whole matter in case there was war, pestilence or famine in our own country. That contingency has arrived. Now if we are to re-consider the matter and say that we are not bound to pay anything at all as suggested, then it would logically follow that not only shall we pay nothing, but we would be entitled to the re-payment of the 13 millions also which we had paid. Therefore, I think, inasmuch as nobody will argue or rather is prepared to argue that India should obtain a refund of the sum of £13 millions which has been paid on the strength of that resolution, the question is to what extent we should respect that resolution. Once the principle is conceded effect ought to be given to it, and it seems to me that we would be within our rights if we say that we require the whole amount for our own purposes on account of the frontier troubles. Now the Afghan and frontier war has cost us 14¾ million pounds or 15 million pounds and whatever it may be, we ask that it should be excused. We deeply regret that any necessity should have arisen that this country should go forward and say 'please let us off that amount'. Of course, I was one of those who opposed the original motion as it at first stood. I said that whatever could be spared from the finances of the country and whatever could be got by means of excess profits taxation might be paid but nothing further. I suppose the result under my amendment would have been nearly the same as has been arrived at now. But by a

decision of the majority we arrived at a different conclusion, and we must respect that resolution. There is no use now trying to whittle it down in so far as we may not be absolutely obliged to do so.

" Well, Sir, I hope those who are watching us will take it that the Council is extremely reluctant to go back in any way whatsoever upon the resolution passed in 1918. Whether the war lasted two months or four years, we made a promise ; a promise is a promise, but we are not deviating from it. We do submit that, having regard to the extreme poverty of the country, to the fact that we had to undergo great privations in 1919 owing to high prices from which even now people are suffering, and the extremely unsatisfactory state of our finances, having regard to all these circumstances, Sir, we ask that we should not be uncharitably judged when we ask that the expenditure on the war should be deducted from the amount which might otherwise have been payable. "

The Hon'ble Mr. Kamini Kumar Chanda :—" I should like to say one or two words, Sir, as I do not wish to give a silent vote on this amendment. Sir, I was one of those who thought it my duty to support the Resolution in 1918, for the grant of this additional sum of 45 millions, but, Sir, the gift was a conditional one, that is to say, that we did not agree to pay as much as 45 millions if the war terminated earlier or if we had to pay for any Frontier war. Though fortunately the war terminated earlier, we have to pay for the Afghan war and Frontier expedition, and I think it naturally follows that we should act according to the terms of the resolution and deduct the amount that we have had to pay for the Afghan war.

" With these few words, Sir, I associate myself with the amendment of Sir Dinshaw Wacha."

The Hon'ble Mr. Srinivasa Sastri :—" I also associate myself with the amendment of Sir Dinshaw Wacha."

The Hon'ble Mr. Surendra Nath Banerjea :—" Sir, I should like to associate myself with this amendment. We do not want to construe the conditions in a petty-fogging spirit, but, having regard to the circumstances in which we find ourselves, we should treat it in a generous spirit, and I therefore think that we are bound to accept the amendment of Sir Dinshaw Wacha. "

The Hon'ble Raja Sir Rampal Singh :—" I, too, Sir, would like to associate myself with the amendment which Sir Dinshaw Wacha has moved."

The Hon'ble Mr. V. J. Patel :—" Well, Sir, from the statement of my Hon'ble friend, Mr. Hailey, it is quite clear that there is really no difference between what appears at first sight to be a very moderate amendment and my own Resolution. I thought at first that my Hon'ble friend, Sir Dinshaw Wacha, really wanted something materially different from what I demand, but, after all said and done, the difference comes to not even a million pounds. We have to pay 18 millions if we stand by the 1918 resolution, and if no other conditions have to be considered, I say, ' Do not pay anything'; my Hon'ble friend says, ' No, you pay 850 thousand pounds '. That is the only difference, and yet you never know whether even 850 thousand pounds will have to be paid. What further expenditure will yet have to be incurred we do not know ; it may even go over 18 millions. I am not sure whether the amendment of my Hon'ble friend, Sir Dinshaw Wacha would not in effect carry us much farther than my own Resolution. If you accept the amendment of Sir Dinshaw Wacha, you are not sure where you are, but if you accept my Resolution you know exactly where you are.

"However, as there is not much difference, and perhaps the amendment goes even further than my Resolution, I do not mind giving my vote in support of it though I do not propose to withdraw my own Resolution."

The Hon'ble Mr. W. M. Hailey :—"Sir, I am, I hope, not out of order, but I am only acting in the capacity and with the intention I have already described. If I understood correctly what Sir Dinshaw Wachá intends I think it would be of advantage if the amendment were made clear by the addition of a few words which I hope he will accept; as I have explained before I have suggested this insertion so that there should be no subsequent doubt whatever on the subject. It would be clearer if the following words were added after the word expedition 'as shown in the accounts of the current year and including the sum of one million pounds referred to in paragraph 8 of Appendix II to the Financial Statement and any expenditure incurred during the coming year on the Frontier Tribes Expedition subject to there being no recovery of sums already paid on account of the contribution.' That, I think, expresses what Sir Dinshaw Wacha had in his mind, and I hope he will agree to these additions."

The following amended Resolution was then put to the Council and adopted:—

'This Council recommends to the Governor General in Council that the sum shown in paragraph 7, Appendix II, Financial Statement, as still payable for effective and non-effective charges under the Resolution passed by this Council on the 10th September, 1918, on Sir William Meyer's motion, be paid to His Majesty's Government, after deducting therefrom the expenditure on the Afghan War and the Frontier Tribes Expeditions, as shown in the accounts of the current year, and including the sum of one million pounds referred to in paragraph 8 of Appendix II of the Financial Statement, and any expenditure incurred during the coming year on the Frontier Tribes Expedition subject to there being no recovery of sums already paid on account of the contribution.'

The Hon'ble Mr. Nigel F. Paton :—"Sir, might I ask it to be recorded that I did not vote?"

The Hon'ble Mr. A. P. Muddiman :—"It will not be recorded unless the Hon'ble Member calls for a division."

The Hon'ble Sir Claude Hill (*presiding*) :—"Does the Hon'ble Member call for a division?"

The Hon'ble Mr. Nigel F. Paton :—"No, Sir, I do not wish to put the Council to that trouble."

[At this stage the Council adjourned for Lunch.]

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

The Vice-President :—"The Council will now proceed to the third stage of the discussion."

The Hon'ble Sir Claude Hill :—"Sir, I beg to introduce the heads which stand in my name:—

Revenue.	*Expenditure.*
Land Revenue.	Land Revenue.
Provincial Rates.	Provincial Rates.
Forest.	Forest.
Agriculture.	Agriculture.
Scientific and Miscellaneous Departments.	Scientific and Miscellaneous Departments.
Irrigation.	Famine Relief.
Civil Works.	Protective Works, Irrigation.
	Irrigation.
	Civil Works.
	Capital outlay on Irrigation.

"Last year, in dealing with those heads I dealt rather briefly with the Public Works side of my responsibilities because it is exceedingly difficult, in a speech in this Council, to dilate at great length upon the technical matters connected with the Public Works Department, and especially irrigation. But I have thought that this year I might supplement what is usually done by laying on the table for the information of Council a note by the Inspector General of Irrigation on the progress and condition of Irrigation Works in India during the year 1919, and I hope that this departure from precedent will be appreciated by the Council.

"Before I proceed to deal with some of the specific items in the irrigation programme, I should like, if I may, to refer to certain observations which fell from my Hon'ble friend Mr. Sastri and also to a prospective Resolution by the Hon'ble Mr. Sarma on the subject of irrigation. The Hon'ble Mr. Sastri asked certain questions, and the intention of the Hon'ble Mr. Sarma to move an increased vote to the irrigation budget shows a misapprehension of the situation in regard to irrigation which, I think, it would be well, if I can, to dispel. A comparison has been drawn between the irrigation budget and the railway budget, as though the two things were in any way parallel, and it has been suggested that railways are being pampered at the expense of irrigation. Now a little reflection will, I think, show Hon'ble Members that there is no possible comparison between the development of irrigation and the development of railways. In the case of railways, which are more or less standardised now, it is purely a question of construction upon recognised lines and railway extension is merely an enlargement of an existing great scheme of communications presenting no new problems and no specific difficulties which are not thoroughly well known. Now, in the case of irrigation, it is a totally different proposition. In the case of irrigation a project may perhaps be one costing, we will say, 10 millions: that is well within the mark In many cases it possibly contemplates the irrigation of an area of 2 million acres, and in each single case it deals with waters differing in character, volume, and so forth, so that there are no two projects for irrigation which stand upon the same footing or which are a direct guide to one another. Consequently, when a project for irrigation is mooted, it is necessary, first of all, to see the engineering possibilities of the thing, then to investigate over a very wide area of country, the possibilities of irrigation with reference to class of soil, and so forth, and thirdly, but by no means less important, to investigate the human nature side of the problem.

"Well, I am not surprised that Hon'ble Members have somewhat misapprehended the difficulties which stand in the way of irrigation and have supposed that less provision was made for it than should have been made, because, as I have often had occasion to say in this Council, Governments, and specially the Government of India, are extremely bad advertisers. I have seen it stated that the Government of India go on toiling in a vacuum of good intentions and forget that there is such a thing as human nature. Well, human nature is very inquisitive, and bureaucratic Governments are singularly secretive; and those being the circumstances we have gone on assuming that everybody knew what we have laboriously ascertained in the way of information, and we have not taken either the Council or the public into our confidence in reference to this particular problem nearly so much as we should have done. But I can illustrate what I was saying just now about the complexities of irrigation problems and their elaboration and the time which it takes to work them out by a concrete instance.

"I will take the case of the Sarda Kichha project. That originally was designed to supply canal irrigation to the Province of Oudh. From its geographical situation that was clearly the best objective to have in mind. After a considerable period of investigation—because it is a very big scheme—the project was more or less mooted, and then we were up against human nature; the Taluqdars of Oudh, of whom one at all events is present here to-day, objected to the scheme altogether. They said: 'We have our wells they are quite adequate for our needs; we do not want to pay water rate—we will not

have this scheme.' As a result of that attitude—that is where human nature comes in—it was necessary to see whether the waters of this Oudh river could not be utilised to greater advantage elsewhere. Consequently, a most elaborate scheme was eventually got out to take the waters of the Sarda river along the foot-hills of the Himalayas right along to the Ganges and across it, for the purpose of supplementing the deficiency in the waters of the Ganges and Jumna. It will be realised that carrying the waters of the Sarda river many hundred miles along the foot of the Himalayas was a project taking several years to investigate only. Well, when the stage was reached of elaborating that scheme, and when two and a half years had elapsed and it was announced that the project would be further considered, the Taluqdars of Oudh began to re-consider matters. In the meantime it had become apparent to them that their wells were not always full of water; also there happened to be a bad year, and it was brought home to them in fact that it might be well worth their while to utilise their own waters. Consequently, the three years which had elapsed in investigating the alternative project were wasted. We were willing to meet the Taluqdars, and now the situation is that the Sarda Kichha and the Oudh Canal projects hold the field. The Council will therefore understand why a period of eight or nine years have elapsed investigating that particular project, and why it is nobody's fault that it is not ready to be carried into completion at once. I could illustrate this by another case, namely, the Sutlej Valley project. In that instance also human nature has operated as a bar to progress. The Sutlej Valley water which was to be impounded could clearly most advantageously be used for the benefit of the Bikanir State, but the Bikanir State is not a riparian State; the Bhawalpore State, a little lower down, is and the Bahawalpore State took up an attitude which, I regret, I can only characterise as that of a 'dog in the manger' and asked that the scheme should be stopped. It was only last year that we were able to get a kind of understanding between the two States, and it is only this year that we have reached a more or less technical agreement on the subject. There again a scheme, which might have been carried out already, has been deferred for several years through the instrumentality of, and jealousies incidental to, human nature.

"I only illustrate my statement by these two illustrations, though there are many others which I could cite; but, I think, Council will agree that in the case of these enormous irrigation projects in regard to which India has no model to go upon, and in which India leads the way, it is, in view of the engineering difficulties and problems to be solved, differing in each case, unreasonable to expect, as it will be very foolish to insist, that the Irrigation Department should push on with undue haste in the preparation of schemes.

"Well, as a result of the facts I have mentioned, it has happened that during the past two or three years we have had none of the major Irrigation projects actually ready to be carried into being. To refer again to the instances I have mentioned; had it not been for the peculiarities of human nature we should very easily have been able this year to spend the crore of rupees to which the Hon'ble Mr. Sarma has referred in his resolution. As things are we are not in a position to spend that crore of rupees. But I should like to make this further point clear, that during my tenure of office at all events not on a single occasion when I went up to the Finance Deparment with a request for money to carry out an irrigation project was I refused. It is simply that we have not been ready, owing to the exigencies of the particular problems which have had to be solved.

"In regard to one point made by my Hon'ble friend, Mr. Sastri, one inquiry rather as to what schemes have been proposed by the Irrigation Commission and what has been done about them. Without wearying the Council with details I may mention that they put forward, I think it was, 61 schemes of which 52 have been taken up, investigated and in the majority of cases carried out.

"The major schemes which are still outstanding I shall now describe to the Council as briefly as I can. But I hope that it will be understood from what I have said that there has been no withholding of money on the part of the

Finance Department, from irrigation, and that every demand which has been made to the Finance Department, at all events in my time, has been met and that if I were able to ask for a crore of rupees this year I am certain the Hon'ble Mr. Hailey would have admitted it.

"The following important estimates for irrigation schemes have during the past year been sanctioned by the Secretary of State:—

The Sarda Kichha Feeder Canal in the United Provinces (which I have just mentioned)	... Two crores.
The Revised estimate for the Wainganga canal in the Central Provinces	48 Lakhs.
The scheme for widening the Madaripur Bhil route, Bengal	Rs. 16,80,000

I need not refer to the Sarda Kichha project further since I have already related its history briefly; but I may mention that the difficult diversion scheme of the Sarda for the improvement of the supplies in the Ganges and Jumna canals is no longer necessary for another reason, apart from the waiving by the Taluqdars of their objections. The supply in the Ganges canal, which was short, has been greatly improved by the construction of permanent headworks for the Upper Ganges Canal, while the deficiencies on the Jumna will, it is hoped, be made good by the construction of the Bhakra dam project now under investigation.

"The widening of the Madaripur Bhil Route was proposed in order to permit of steamers towing three or four flats abreast, to facilitate vessels passing one another and to allow of the removal of restrictions which have at present to be imposed, owing to the narrowness of the channel, on certain classes of traffic during the dry season. The widening was not provided for in the original project, but has been rendered necessary by the fact that the traffic using the route has far exceeded what was anticipated when the project was originally framed.

"The project for the Grand Trunk Canal in Bengal, which has been long under consideration, has now been worked out in detail and the estimate, which amounts to Rs. 309 lakhs, has been forwarded to the Secretary of State for sanction. The scheme is designed to provide direct routes for steamer navigation between Calcutta and (*a*) the Ganges, (*b*) Assam, Cachar and Sylhet, and (*c*) Barisal. The canal is eventually to have a width of 400 feet, though in the first instance its width will be 250 feet, with widenings at intervals for crossings. The canal will form a most important link in the chain of waterways in Bengal and will be an asset of the greatest value to Calcutta and those districts of the Presidency which depend upon waterways as an outlet for their trade.

"The Sutlej Valley scheme I have already referred to, but the details of the estimates are the following:—The cost will approximately be Rs. 1,200 lakhs, to secure 2,400,000 acres of new irrigation and to improve 1,600,000 acres of old irrigation. So it will be seen that I was guilty of no exaggeration in referring to some of these schemes as costing 10 million pounds.

"Then the Sind Sagar Canal project, which is estimated to cost about 10 crores and to irrigate about 1,800,000 acres, is now under consideration. The investigation of the Bhakra Dam project, which will irrigate some 1,400,000 acres at a cost of about Rs. 14 crores is delayed pending the preparation of the final project for the Sutlej Valley Scheme.

"The Sukkur Barrage project is still under preparation by the Government of Bombay, but we hope very soon to have proposals from them. The Sukkur Barrage project is an admirable illustration of what I said in regard to the unique character of practically every big project for irrigation in India. It will be the largest work of its kind in the world.

"The project for the Cauvery Reservoir Scheme in Madras is still with the Government of India. I referred to this matter last year when I pointed out that it could not be proceeded with until a settlement had been arrived at between the Governments of Madras and Mysore in the dispute regarding the

Kannambadi Reservoir. Unfortunately no agreement has been come to yet between the Governments of Mysore and Madras and matters are still held up.

"I do not propose to weary the Council with details of actual construction since I have laid the Inspector General's Memorandum on the table. But I should like to refer to three matters.

"The first is the Hydro-Electric-Survey which Council will remember, I referred to last year, and mentioned that we had appointed Messrs. Barlow and Meares to make a preliminary survey of India, to see what openings there were for projects of this character. The Council will be sorry to learn that Mr. Barlow died last April and Mr. Meares had to write the Report alone. He produced a very admirable document which some members interested in the matter may have read, and this year we have appointed another officer who will, in association with Mr. Meares, get out a great deal more of valuable information on the subject.

"As regards New Delhi, I do not propose to say much since the matter has been indirectly under discussion. But we hope to be able now, by speeding up, to secure that the new site will be ready for occupation by the winter of 1924-1925.

"The last matter to which I should like to refer is the provision of Council Chambers in the Provinces for the new Legislatures. We have asked Provincial Governments to take this matter under consideration at the earliest possible moment, because it is important that the new Legislatures should have a habitat when they come into being. For the Imperial Councils, as some members of this Council are aware, designs are in preparation for a building in the New Capital of dignified proportions and impressive style on a site conveniently adjacent to the central buildings and easily accessible. It is proposed that this block shall embrace three Chambers, namely, the Legislative Assembly, the Council of State, and the Princes' Chamber, with the necessary attached offices and so on. The problem of providing accommodation at Simla is an exceedingly difficult one, which is still engaging the attention of the Government of India.

"Turning now to the Revenue and Agricultural Departments; fortunately, this year, I am being spared the necessity for dilating on the agricultural situation as I had to last year. The monsoon has all round been an excellent one. If only it had followed upon normal conditions we would have had very little to say indeed. Things, however, are still abnormal, and the situation is complicated by the facts not only that the monsoon of 1918 was an unprecedented failure, but that special efforts had to be made till nearly the end of 1918 to supply the allied belligerents with food-stuffs; while there is now the further factor of high world-prices, with their re-action upon internal prices in India. In the result there has been a depletion of India's reserve stocks which have still to be built up to their normal level. It is for these reasons that we have had to take special steps for the control of Burma rice—a measure which has brought us into conflict with the Government of Ceylon. I do not propose to weary the Council with a detailed narrative of the methods of control adopted, since *Communiqués* have been published which have made that clear to anybody who cared to read them. Nor do I propose to enter in detail into the contentions between the Ceylon Government and the Government of India, since His Excellency the Viceroy in his reply to the deputation from Ceylon, which was published, has made the position perfectly clear, but I should like to say definitely here that we hold, as indeed His Excellency the Viceroy told the deputation, that our rice control, under which we give both a quantitative and price preference to Ceylon has benefited that Colony by reducing the price below the level it would otherwise have had to pay. There is a limit below which it would be unfair to the Burma producer to go; since any further concession to Ceylon or elsewhere, is, under our scheme, directly at the cost of Burma producers.

"I would, however, urge those Hon'ble Members who are interested in the food situation in India to study the very able report of Mr. Innes, who was

lately Foodstuffs Controller and to whom I am very glad to take this opportunity of paying a tribute for the admirable work he did on behalf of India when he was Foodstuffs Controller. Incidentally to that report, Hon'ble Members will remember that, during the year 1919, until about August last, we were importing wheat from Australia; and it may interest the Council to be reminded that we imported altogether from Australia nearly 201,000 tons. We controlled the disposal of that wheat in the interests generally of India with a view to keeping prices at a reasonable level. The profits on the whole transaction are estimated to amount to 23 lakhs of rupees.

"As a remnant of the conditions which came into being on account of the failure of the 1918 monsoon, I may mention that the inter-provincial control of the movements of food-grains still obtains in the case of rice throughout India, wheat and gram from the Punjab and the United Provinces and of all food-grains to and from the two frontier provinces, but we hope to remove these restrictions as soon as practicable having regard to economic and political conditions. The policy of tightening control over the exports of food-grains is being continued, and the reason why such control is necessary is, as will have been clear to those who have studied Mr. Innes' Report and the various *Communiqués* which we have issued, the need for keeping internal prices within reasonable limits and for building up stocks of food-stuffs in India. There is the further need, of course, so long as we control the exports of Burma rice, to see that the exports of rice from India are also restricted within the narrowest possible compass; since otherwise there would be no guarantee that the purpose for which we reserve some 800,000 tons of Burma rice will be fulfilled. There would in fact be no certainty that the speculators in India, with a view to reaping the large profits which would be open to them by re-exporting the Burma rice and getting for such exports extraordinarily high prices, would not thus defeat the whole object of the policy. I should like to add here a warning. I believe it to be the case, certainly we have information which points to that that rice and other food-grains in India are being hoarded and kept back from the public by speculators who hope that the restrictions on exports of grain from India will be removed and that they will then be able to reap the benefit of enhanced prices. I should like to state here that the Government of India propose to maintain a careful watch upon that matter, and that the exports of food-stuffs will not be permitted in such a manner, so far as Government can prevent it, as to enable those profiteers to reap the benefit which they hope to at the expense of the producer and consumer.

"Certain questions have been asked in this Council bearing upon the net exports of grain, pulse and flour from India, and it may interest the Council if I lay on the table a short statement showing the figures of net exports of grain, pulse and flour from India, excluding Burma, in tons. The interest of the figures lies in the fact that it is shown that we have already succeeded by our policy in accumulating stocks of food-stuffs to the extent of some 4 million tons.

"Other questions have been asked with a view to eliciting comparative figures of average prices of food-grains for India as a whole. I think it is extraordinarily difficult to furnish reliable figures on that head, partly owing to the control, and partly owing to the shortage of rolling-stock which has obtained in some places; also where you have, as you had until a few days ago, inter-district control. In Madras, we have such extraordinary variations of prices within the same province, that no average can possibly be struck which would be of any value.

"I will now turn to other matters. In the first place, I think it will interest the Council to know that the Secretary of State has recently sanctioned a Cattle Breeding and Dairying scheme which we laid before him a year ago, and that we have addressed Local Governments on it, and we hope they will take steps to give effect to it. I will not attempt to describe the scheme in detail, but it has been the subject of close examination by the Board of Agriculture and is based on a memorandum which was drawn up originally by Mr. Coventry, who was formerly Agricultural Adviser. It is proposed under the

scheme to create a post of Imperial Dairy Expert and to engage a Physiological Chemist, while provinces under the scheme will, we hope, co-operate in an organised manner to improve cattle breeding with a view to the development and improvement of the milk supply throughout India.

"I think the Council will learn, with satisfaction, that the Government of Bengal have at last decided to establish an agricultural institute at Dacca. Hitherto, the Bengal Government have been content to rely, for their agricultural development, upon the College at Sabour in the province of Bihar and Orissa. We have long felt that a large and important province like Bengal should have an institution of its own (in this, I am sure, my Hon'ble friend Mr. Banerjea will agree), and it is a subject for congratulation that they should have taken the present opportunity for inaugurating that institute, because it synchronises with the bringing into being of the University of Dacca, and it is, therefore, possible to hope that not only will the institute subserve the functions of a College for tuition and so forth, but that it will eventually follow the example of Bombay and the Punjab, and be affiliated to the Dacca University.

"It has been clear to anyone reading the papers that great interest has been aroused recently in the matter of fodder storage. This extraordinarily difficult question has been under the consideration of the Bombay Government since before I left that Government, and great assistance has been given by a Member of the Bombay Legislative Council, namely, the Hon'ble Purshotamdas Thakordas. Thanks to his efforts, backed by those of the Bombay Agricultural Department, a scheme has now been brought partially into being under which they have established two stores of fodder reserves, both of grass and kadbi; and the last annual Report of the Agricultural Department from Bombay has a peculiarly interesting section dealing with this subject of fodder reserves. It is very instructive, and I propose to draw the special attention of every province to what is being done in Bombay. It may also interest the Council to know that we have arranged to hold a conference on fodder storage during the ensuing Simla Season.

"Hon'ble Members may also be interested to hear that we have considered a proposal which has been made for inaugurating an Indian Agricultural Society on the lines of the Royal Agricultural Society in England. Local Governments have been consulted in the matter, and, although their reports are in many instances critical, on the whole they afford room for encouragement, and it is hoped that eventually such a Society will come into being, and that it will be a valuable stimulus to Provincial Governments in the matter of agricultural development. Conditions, of course, are quite different in India from what they are in England, still more so from what they were in England when the Royal Agricultural Society came into existence some eighty years ago; but to my mind the difference is in favour rather than against the establishment of such a Society in India. In England, at the time the Royal Agricultural Society came into existence, there was no agricultural service, there was no organisation for research in agriculture of any kind, and all these things have been developed by the stimulus given by the Royal Agricultural Society. Certain Local Governments have pointed out the difficulties that may arise from the establishment of a corresponding body out here, side by side with the existing agricultural staff. I myself do not share the view that these difficulties are insurmountable, or that it will be less useful to have a stimulating non-official body, such as an influential Agricultural Society, such a Society might keep Provincial Governments and the Government of India up to the mark in the matter of the improvement of agriculture, and I hope that soon that development will be possible.

"Reverting for a moment to the question of high prices of food-stuffs, this Council is aware that the Select Committee on High Prices has already held one meeting and hopes very shortly to meet again. I think the briefest way of dealing with this question will be to lay on the table a copy of the proceedings of the meeting of the Select Committee which was held on the 17th February last.

"Before I leave the subject of agriculture and its development I should like once more, and for the last time, to refer to the subject of agricultural education.

"This Council will be glad to learn that the inauguration of agricultural middle schools, to which I referred last year, is showing signs of developing, and Local Governments are now displaying an active interest which I felt sure we could count upon when once the necessary initiative was applied. I feel that, if nothing else has resulted during the last five years, a very useful start has been made in this matter by getting people to realise that, in agriculture, just as in every other industry and department of life, it is sound education and training that is necessary if progress is to be achieved.

"I am still hoping that it will be a very short time before every province has an agricultural college or institute affiliated to the Provincial University. The opposition to this idea has been strenuous, but I think there are signs of this breaking down, when once agricultural education makes good from top to bottom, and when middle agricultural schools multiply. I think India may regard herself as being on the high road towards securing that her rich inheritance in agricultural land shall be exploited to its fullest capacity, which is very, very far from being the case at present.

"I now turn to forest matters. Owing to the great depletion of our cadres we have been handicapped in developing forestry as rapidly as we should wish. In spite of the handicap of shortage of staff, however, there has been progress, and the work of preparation for the fuller utilisation of our forest resources is proceeding. The services of two Consulting Forest Engineers have been obtained from America—one is already working in Burma, and the other, who is to be employed in the Andamans and India, is expected to arrive shortly. Further, and the Council will, I know, approve of our action taken in this matter. We have been encouraging to the utmost the deputation of the forest officers on leave to study various special branches of forestry both at Home and in America. The Secretary of State, moreover, has now sanctioned the creation of a regular service of Forest Engineers, the officers of which will undergo a course of training in America before taking up their duties.

"The most important matter, however, in connection with forestry is perhaps that we have just received the sanction of the Secretary of State to a scheme, recently submitted, for the expansion of the Forest Research Institute at Dehra Dun. This expansion is necessitated by the realisation that if our forests are to be exploited on scientific lines, we must enlarge greatly both the laboratory and establishment sides of our research institute and instal plant for the testing and artificial seasoning of timber for the production of paper pulp and so forth. It is also possible that tuition in the higher branches may have to be given at Dehra Dun, and this can more easily be arranged if we have a thoroughly up-to-date institute and an up-to-date staff.

"But of course the increased provision of timber is at the root of all forest policy and the importance of a scientific development of syliculture cannot be over-estimated. India is going to take part in the Timber Exhibition which is to be held in England this year, and we have endeavoured to arrange that she shall be adequately represented. I confidently hope that, with the realisation of India's resources in this respect, there will be an ever-growing demand for Indian timber, and it will be up to the Forest service to maintain the high standard of technical efficiency which it has maintained hitherto.

"That, Sir, completes all I have to say in detail on the heads which stand in my name, but as this is the last opportunity I shall have of referring to these subjects, I should like, if the Council will tolerate me for a moment longer, to discharge my feeling of obligation to those with whom I have been associated by referring, as briefly as I can, to some, though not nearly all, of those to whom India, and the Department for which I have been responsible during the last five years, owe so much. We have lost in Sir Sidney Burrard a very distinguished survey officer, who was well known in the scientific world, and who stayed on most patriotically, after

his period of service was over, during the war. In Sir George Hart, India has had an Inspector General of Forests of pre-eminent ability, and Mr. McKenna as an agricultural officer has been well known to every Member of this Council on various occasions, and has himself been a Member of this Council. His conduct of the work of the Cotton Committee has been endorsed at Home as being of the utmost possible value, and I think India will find that she owes a great debt of gratitude to him. Of Mr. Rose, who recently left India to take up an appointment in China, I can only say that I experienced in his departure a very serious loss, though it has been made good as far as was possible by Sir Sidney Crookshank. And I should like in conclusion to convey my cordial personal thanks to the Hon'ble Mr. Mant for his long and very valuable assistance to me in all the work that has fallen to our joint lot."

RESOLUTION *RE* REDUCTION OF ALLOTMENT FOR CAPITAL EXPENDITURE ON DELHI.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I beg to move the following Resolution:—

"This Council recommends to the Governor General in Council that the allotment for capital expenditure on Delhi works be reduced by fifty thousand rupees."

"I will not detain the Council for more than a minute. My point shortly is this, that in view of the last debate on the question of the location of the headquarters of the Government of India, we are not justified in spending such a large sum of money on Delhi. The allotment is Rs. 1,10,00,000 and I should mention to the Council that my Resolution should have been worded, that the amount should be reduced by 50 lakhs, not 50,000. Sir, it will be remembered by the Council that Sir William Vincent, in reply to my motion that Calcutta be made the headquarters of the Government of India, again said that he had no time to investigate the question as the notice received was too short. I referred to this yesterday and I now put it more formally. And, in the second place, he said that the reformed Council, which would come into being next year, would be a better judge, and that he would place the papers before His Excellency the Viceroy to decide what to do. In view of this, Sir, I submit it cannot possibly be right that we should be spending such a large amount. If the answer was that the decision of Government that Delhi would be the headquarters of the Government of India was final and irrevocable, one could not find fault with this process of spending such a large amount on Delhi; but you do not say that. What Sir William Vincent said amounted to this: 'Wait and see what happens next year when the new Council comes into being.' That being so, my submission is that you ought not to spend such a big amount, but simply carry on as you have been doing during the last four or five years. Sir Claude Hill said just now that he expected that many buildings would be ready by the cold weather of 1924, not the whole city—the architects do not certify that—but in five years only a portion of the city will be ready. In these circumstances, I do not think there is any particular hurry for going on spending money like this. Why not wait for another year? That is my ground for bringing this matter up again formally. I think the Council probably will join me in asking the Hon'ble Home Member to tell us what decision has been arrived at after the papers were placed before His Excellency as he promised to do.

"With these words I place this Resolution before the Council."

The Hon'ble Sir Claude Hill:—"The Hon'ble Mr. Chanda is apparently engaged in the unfruitful occupation of flogging a dead horse, but I am not quite clear as to whether he is flogging it with a 50,000 whip or a 50 lakh whip. His motion as it stands, and which I understand I am dealing

with, is that the Delhi estimate should be reduced by Rs. 50,000. If that is so, I can only regard the motion as, so to speak, a qualified vote of censure, but with no particular definite objective, since it is not suggested where those Rs. 50,000 should be devoted instead of to the construction of Delhi. Well, Sir, if I may suggest it, I will ask this Council not to accept the Hon'ble Mr. Chanda's Resolution. I am reluctant to detain the Council by going again into the details of the arguments relating to abandoning New Delhi, which were so thoroughly threshed out the other day, and in regard to which, in connection with the Hon'ble Mr. Sarma's Resolution, little support of a definite and constructive character was secured. It seems to me that I should be doing what this Council would hardly approve if I detained it any longer on that subject, which, quite frankly, I cannot myself help regarding, in view of that discussion, and of all that has occurred, as *chose jugée*. I still venture to hope that the Hon'ble Mr. Chanda will not press this Resolution to a division."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I have not given notice of any similar resolution because I knew there would not be much use in it, but I may state that the horse is not dead, it has simply fainted for the time being, and it all depends on the 200 members who may come here next year whether they will put life into it, or whether they are going to leave it for dead. The only point in urging any motion of this description is that it may not be said against the members of this Council that they were ready to agree to heavy expenditure of this kind when they could have stayed it by a motion of this character. I think there is no need to detain the Council any further."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I submit with all respect to my Hon'ble friend, Sir Claude Hill, that he has avoided the issue which I raised. I asked what was the decision come to by Government on this question. I wanted to know what was the decision come to by the Government on this debate. The Hon'ble Sir William Vincent told us that he would place the papers before His Excellency to decide what should be done. I should like to know what has been done, whether the papers have been sent Home, or whether it has been decided irrevocably that Delhi is to be the capital. If it is not, then, I submit, there is no justification for spending such a large amount of money on it, which would be a waste after all. With these remarks, I beg to press my Resolution."

The Vice-President:—"I did not quite catch what the Hon'ble Member has decided to do."

The Hon'ble Mr. Kamini Kumar Chanda:—"I press the Resolution before the Council; I do not withdraw it."

The Resolution was put and rejected.

RESOLUTION *RE* INCREASE OF EXPENDITURE ON IRRIGATION AND DRAINAGE BY ONE CRORE OF RUPEES.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I would like to have information on one or two points, as the Hon'ble Member said there was no use in pressing my Resolution and I do not wish to waste the time of the Council. The Hon'ble Member for Agriculture said . . .

The Vice-President :—" I must ask the Hon'ble Member to move his Resolution or to withdraw it. He knows the rule quite well. He must not make a speech first."

The Hon'ble Rao Bahadur B. N. Sarma :—" I was asking for information."

The Vice-President :—" That can be done by a question."

The Hon'ble Rao Bahadur B. N. Sarma :—" It was a question I was putting."

The Vice-President :—" This is not question time."

The Hon'ble Rao Bahadur B. N. Sarma :—" Are there no projects on which any money can be spent ? "

The Vice-President :—" I must call upon the Hon'ble Member to move his Resolution ; he must either move it or withdraw it."

The Hon'ble Rao Bahadur B. N. Sarma :—" Well, Sir, there is plenty of time to withdraw a Resolution. I beg to move the Resolution standing against my name :—

'This Council recommends to the Governor General in Council that the expenditure on Irrigation and Drainage be increased by one crore of rupees.'

" We listened, Sir, with very great interest and attention to the very lucid exposition of the policy of Government with regard to irrigation and their difficulties. I may state at once that the outside public are not altogether so ignorant of the difficulties of the Government as perhaps the Government think they are. We know that there is a wide difference between irrigation projects and railway projects. The matter has been clearly set forth in the Irrigation Commission's Report itself. Nor are we complaining of the relative expenditure on railways and irrigation or asking that because large sums of money are being spent on railways that, therefore, large sums ought to be spent on irrigation. There is a feeling, however, that the Government of India—I am not saying the present Government of India—have not hitherto shown very great alacrity in pushing forward irrigation schemes so as to rapidly increase the productivity of the soil in India, which they might have been expected to do from the recommendations of the Irrigation Commission.

" The Hon'ble Sir Claude Hill has told us that most of the projects, 51, I think, out of the 62, have been sanctioned, and many of them completed. That is a very gratifying feature, but the public would like to have some detailed information as to the extent of extra acreage which has been brought under cultivation since 1903-04, and as to whether more irrigation projects could not have been undertaken during this period of 17 years since the Report of the Irrigation Commission was published. I believe they recommended a programme of about 44 crores of rupees, and the sum which has been so far expended does not seem to exceed about £19·6 million. The progress in irrigation during the period of the war was necessarily handicapped by reason of the absence of Public Works officers on military duty. I think nobody can hold the Government of India responsible for their inability to push on irrigation programmes when their principal officers were unavoidably absent on military duty. But, Sir, the public are somewhat impatient, and have been, I think, not unreasonably so, especially since last year, because the causes of

obstruction have been removed and the Government of India themselves have published reports which show that the margin between famine, destitution and bare sustenance is very, very narrow. I need hardly allude to the fact that the report of Mr. Innes, to whom we are glad to acknowledge our indebtedness, shows that the exports of foodstuffs from India, when analysed, are largely from Burma and the margin of production in British India itself is extremely low. I believe 2½ million tons out of 57 million tons, the average before 1913-14, and consequently, in a bad year, when there is a deficiency of 14 or 18 million tons, as there was in 1918-19, the fate of the people was nearly sealed. It is in these circumstances, Sir, that the people appeal to the Government of India not to blame them if they are a little impatient in urging the Government of India to endeavour to the best of their ability to meet them by showing greater progress, in spite of the manifold difficulties which the Hon'ble Sir Claude Hill had urged in his admirable address to us. That is the real point. His memorandum shows that the Government of India have projects under consideration, some of which have been sanctioned, some of which are under sanction, aggregating 60 crores of rupees. So it is not that money cannot be spent. In answer to a question of mine last year it was stated that two important projects costing a good deal of money have been sent up to the Secretary of State for consideration and sanction, and I take it, Sir, that, if the Government of India has not received his sanction already, they will receive it in the not distant future. May I ask, therefore, whether there are absolutely no projects ready on which they could not spend an additional sum of one crore of rupees provided the human material is forthcoming? I think the difficulties of the Government really are, first, the labour problem, secondly, the officer problem. I have not heard that the labour problem is so very difficult and that a crore of rupees cannot be spent on masonry and earthwork provided the officers are ready and the schemes are ready. I hope that there would be a possibility of getting men from the tracts where very low wages prevail. It will be possible to attract them to the tracts where these irrigation works may have to be started. It will be possible to bring them to the tracts where irrigation works may be started.

"Then the real problem seems to be, as has been hinted clearly, the human material, the personnel of officers. Here I can sympathise with the difficulties of the Government of India and of the officers. It would be cruel on the part of the people to ask these officers who did such hard work to remain another year. But some of them at least should remain another year in order to push some of these schemes through. Taking the poverty of the country, the poor margin of subsistence of the people, and the fact that for the last few years practically very little has been spent upon new schemes (I think the total amounts for four years to three crores including next year) may I ask if it is too much to request some of these officers to remain on duty although they are legitimately entitled to furlough, if that is the real difficulty?

"This would necessarily bring us to another question, as to whether it would be right in the interests of India to rely entirely upon the European element in the higher personnel of the Public Works Department and the Irrigation Department having regard to these extreme inconveniences? My own opinion is that there are enough talented Indian Engineers in India whose services would be highly useful in pushing these projects through under perhaps one or two expert European Engineers. All I ask is for information on these points, firstly, as to whether there are no projects ready on which money could be spent, secondly, as to whether labour is not forthcoming, and thirdly, as to whether the material as regards officers is absolutely out of the question. If I am told that the money cannot be spent, I shall most reluctantly withdraw the Resolution."

The Hon'ble Mr. K. V. Reddi:—"Sir, there is one aspect in connection with the irrigation policy of the Government of India which deserves to be placed before them. As my Hon'ble friend just now stated,

the Irrigation Commission reported nearly twenty years ago on projects which would cost 44 crores of rupees. This was distributed among the various provinces, and Madras was allotted something like 15 crores and a half. I was examining the figures of the sums that were spent in the provinces from the year 1908 to the year 1917; and taking the major provinces of the Punjab, the United Provinces and Madras, I find that whereas in the United Provinces something like £536,981 were spent on capital outlay on productive works, in Madras only £349,178 were spent, while in the Punjab I find that £5,324,000 were spent. That would work out, Sir, in this proportion, whereas the Irrigation Commission expected that one-third of the expenditure would be in the Madras Presidency, we find that, as a matter of fact, it is only one-eighteenth, based on these figures. In Madras, very important works were suggested; there was the storage work on the Cauvery, there was the Tungabhadra project and there was the Krishna storage works in my own district of Krishna. None of these works would seem to have been commenced, though I know that so far as the Cauvery work is concerned, a genuine attempt was made by the Government to see its way to commence the work. Unfortunately as has been shown, no agreement could be come to between the Mysore Government and the Madras Government; but, Sir, no such difficulty exists so far as the Krishna storage work is concerned, and if that work had been taken up and completed, I am perfectly certain that trouble from Burma for having controlled rice would have been easily avoided. So far as the Krishna district is concerned, it has been able to supply rice not only to the whole of Madras Presidency, but to a great portion of the Bombay Presidency also; and if only this work had been completed, India need not have gone to Burma for rice. I would, therefore, support this resolution in the hope that something might be done for the province of Madras and some work would be undertaken. I know the difficulties of the Government. I know it is not merely their intention to start these works; but there are the engineer's difficulties and the human factor to which Sir Claude Hill so ably referred."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—"Sir, for the last four years I have been urging the Government to take up the question of the Cauvery Reservoir Project. In the report submitted to the Government of India by Mr. T. R. J. Ward it is stated that the Cauvery Reservoir Scheme was estimated to cost about four crores and that the project is still with the Government of India and cannot be proceeded with pending settlement of the question of the distribution of the Cauvery water between Mysore and Madras. The only question I want to put is, even supposing that the arbitration award should be in favour of the Mysore Government, is it not the intention of the Government to proceed with the project? . . .

The Hon'ble Sir Claude Hill :—"Sir, I rise to a point of order. Has it any relevance to the present motion?"

The Vice-President :—"I suppose the Hon'ble Member is coming to it. I gather that all Hon'ble Members are proposing that these various schemes should be financed out of this additional one crore."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—"A beginning may be made just now, even if the whole amount cannot be spent in the course of the year. What I want to say is that even if the award should go against the Government of Madras, we could begin on a small scale with this project. Why not make a beginning now? We have been suffering very much and the Government have been put to a very great loss on account of not beginning this project long before. As to labour difficulties, I do not think there will be much in that way. We have heard only this

morning that the conditions in Southern India and Bihar are very bad and that some project or other should be taken in hand to relieve the situation by providing labour for them. I beg to bring before the notice of the Government the urgency of this matter, that this Cauvery Reservoir scheme may be begun this year. If it is begun on a small scale it can be expanded if the award should be in favour of the Madras Government."

The Hon'ble Sir Dinshaw Wacha :—"I am afraid, Sir, that the policy on which the Government is proceeding in reference to the irrigation works in the country is not quite a practical policy, in one respect only. The Government do everything through the Public Works Department; even large irrigation works of the character which the Hon'ble Sir Claude Hill just mentioned in his speech are done entirely by the Public Works Department. Now, if instead of the Public Works Department undertaking the construction of such works they were entrusted to large contractors of recognised ability and great reputation, men like Messrs. Bird and Company, who built the Assouan Dam, which cost 10 crores of rupees and more, I think the progress would be rather speedier and more satisfactory, and the Government would not be worried in this matter as it has been in the past. That is the change that is required in the policy of the Government as regards the construction of large irrigation works. That should be the right procedure. Even on the Continent, big railways were built by big firms of the financial ability and resources of Messrs. Brassey. They built most satisfactorily railways in Austria and in other parts of Europe. Why should not the Government of India entrust works to the large contractors of the ability and reputation I have named who are perfectly solvent, who have got large organisations at their command, who employ any number of labourers and who can also finance these projects? If those were invited to carry out the projects sanctioned by the Government of India, I think the progress would be quicker and more satisfactory. The whole mistake lies in never going outside the Public Works Department for colossal works."

The Hon'ble Sir Claude Hill:—"Sir, I charged the Hon'ble Mr. Chanda with beating a dead horse; I must now charge my Hon'ble friend Mr. Sarma, with flogging a willing one. I am perfectly willing, if I can only see my way to it, to ask the Hon'ble Mr. Hailey for a crore of rupees, but I had already indicated, I hoped more or less lucidly to the Council, that it is impossible to spend that sum, much to my regret.

"But I see that I have not been altogether plain. It has been assumed that it is a question only of being able to provide *personnel* and labour. That is very far indeed from being the case. It is not merely a question of *personnel* and labour, though that is a very important factor, and we have great deficiencies in our staff. This happens to be one of those periods when we are not ready to spend a great deal of money on any of the vaster schemes. In other words, the three schemes which are sanctioned, to which I referred in my speech and which the Hon'ble Member referred to, are not in a condition to be the subject of expenditure. There is a great deal of lay-out work to be done before the solid work of construction can be commenced.

"Then, again, my Hon'ble friend Sir Dinshaw Wacha referred to the question of employing big contractors. That, if I may say so, subject to correction if I mistook his meaning, is not a question of policy, but a question of method of execution; and the question of the method of execution has not been reached at the present time because we are not in a position at present to give any of these large works out on contract. The stage has not yet been reached when contracts could be invited for those particular works. That is the situation so far as I understand it.

"Well, I need only refer, I think, to one other point, and that is the circumstance that my Hon'ble friend Mr. Sarma has secured support from two compatriots from Madras to his motion. But I should like to point out, in reference to the particular work—the Cauvery Reservoir—which has been referred to, that I explained how it was that progress was not made. It is not the fault of the Government of India that the progress has been slow.

"Since the Hon'ble Mr. Reddi has drawn attention to what he regards as a grievance on the part of Madras based on the assumption that the amount of expenditure in Madras bears a somewhat meagre proportion to the value of the works recommended by the Irrigation Commission, it may be relevant merely to mention that of the few works recommended by the Irrigation Commission which have been abandoned, two are in Madras and they happen to be the two largest. It has been necessary to abandon the Tungabhadra scheme, while the Krishna Reservoir Scheme had to be held in abeyance pending the completion of the Cauvery Reservoir. The Tungabhadra project was estimated to cost nearly 12 crores and the Krishna Reservoir project about 8 crores; so that if one eliminates those two from the programme, it will be seen that the expenditure in Madras has not been so deficient as has been suggested.

"In the circumstances, I suggest that as I am unable, much as I should like, to back my Hon'ble Friend Mr. Sarma in asking for this one crore of rupees, it will perhaps not be worth while to press the resolution."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I do not see any object in further pressing this resolution."

The Resolution was, by leave of the Council, withdrawn.

FINANCIAL STATEMENT FOR 1920-21.

The Hon'ble Mr. Shafi:—"Sir, I have the honour to introduce the heads of Sanitation and Education (Revenue and Expenditure), of the Financial Statement for 1920-21.

"To deal with the subject of Education first.

(*a*) EDUCATION.

"The year which is about to close has been eventful particularly in two respects. It saw the conclusion of the labours of the Calcutta University Commission and the commencement, on the part of the Government of India, of action on its recommendations. Hon'ble Members will agree that perhaps the most important of the Commission's proposals is the prolongation of the school life and the curtailment of the period of college study. It has long been generally recognised that the lower classes in our colleges cannot be regarded as classes for university teaching at all, and that instruction in those classes on lines which are suitable to a university student is altogether unsound. The Commission have now formulated a definite scheme for severance of intermediate education from university education proper. The change is undoubtedly very great and, like all wholesome changes, is certain to involve heavy expenditure. But if the task of placing our educational system on a proper basis is to be earnestly taken into hand, we shall have to face the expenditure involved. The introduction of the new system recommended by the Commission will result in the extension of our secondary education over a longer period than is the case at present, and with its adoption will result in considerable improvement in its quality and standard. Perhaps it is not fully realised that during the last 12 years or so almost every province in India has been adopting measures calculated to bring about improvements in our system of secondary education along a programme definitely laid down in each province. During the past year the scheme of improvement in Bengal, where secondary schools are most numerous and their condition, as the Commission

has pointed out, is anything but satisfactory, has been partially completed by the sanction of considerable expenditure both on Government and on privately managed schools.

"Another important proposal of the Commission is the establishment of unitary universities. It is unnecessary for me to dilate on this portion of its recommendation as a great deal has already been said and written in this connection, and I expect we shall hear a lot more about the subject during the remainder of this Session. The fact that the Government of India have promptly taken up this idea in connection with the proposed establishment of the Dacca University is indicative of their earnestness in carrying into effect this portion of the Commission's proposals. Hon'ble Members will be interested to learn that action is also being taken in other provinces in this respect. Schemes are afoot in the United Provinces for establishing teaching universities at Allahabad and Lucknow, while our Muhammadan friends are again bringing forward the scheme of a university at Aligarh. Moreover, schemes for the establishment of a university at Rangoon and another at Nagpur are also likely to reach a definite stage at an early date. The coming year, therefore, bids fair to be one of great activity in the sphere of university education in the country.

"Another important event of the year under review has been the reorganisation of our Educational Services. Hon'ble Members will remember that, owing to the outbreak of the World War, decision on the various recommendations of the Public Services Commission had remained in abeyance. On the conclusion of the war the Government of India, fully recognising their duty to the Indian public in this respect, turned their attention to the work of re-organisation. It will be remembered that the Commission proposed the transfer of certain posts from the Provincial to the Indian Educational Service, recommended that 25 per cent. of the resultant aggregate number of posts in the Indian Educational Service should go to Indians, and that 50 per cent. of whatever posts may hereafter be created should be filled up by the appointment of Indians. The Government of India went a step further and recommended the adoption of 50 per cent. Indianisation of the Indian Educational Service, old and new, as the goal to be aimed at. The orders of the Secretary of State were received at the close of 1919 sanctioning the recommendations made by the Government of India. The Government of India have further decided that, in order to accelerate the realisation of the ultimate goal, all vacancies in the posts to be transferred from the Provincial to Indian Educational Service and 50 per cent. of the vacancies occurring in the existing Indian Educational Service shall be filled up by the appointment of Indians until the goal of 50 per cent. Indianisation in the entire cadre of the Indian Educational Service is reached. It is clear, therefore, that the system now adopted, on the initiative of the Government of India, is one which marks a decided and a highly satisfactory advance in the existing conditions in the matter of Indianisation of our higher Educational Service. The earnestness with which the Government of India are carrying out this scheme of Indianisation will be clear from the fact that during the year under review as many as 25 Indians have already been appointed to the Indian Educational Service.

"Similarly, the conditions of the Provincial Educational Services are also about to undergo considerable improvement. From some questions which have been asked in this Council, I gather that there is, in the minds of Hon'ble Members, some doubt about the terms for those services. To my mind the matter is simple enough. Between a minimum of Rs. 250 and a maximum of Rs. 800, a Local Government may frame its scale as it thinks fit. This appears to be a much better scheme than that put forward by the Commission; for being elastic it will allow of variation in provinces according to the ease or difficulty with which suitable candidates may be forthcoming and commensurate with the cost of living, etc. It has, further, this advantage that the transformation of the existing varied services into a single rigid mould

would be a matter of enormous difficulty. In the system which has been adopted, this difficulty will not arise.

"Nor have our service improvements stopped here. In recent years various Local Governments have taken up the case of the Subordinate Educational Service and a steady improvement has been going on in the pay of elementary teachers, whether employed in Board or aided schools. The Educational Commissioner will lay his annual Narrative on the table for the information of Hon'ble Members and, read together with those which have gone before, this year's Narrative will show that a steady improvement is being effected along these lines. The increase of pay in the case of individual primary teachers may not be very great. But when we think of the vast number of primary teachers and figure out the enormous cost which these small changes involve, the significance of these improvements becomes self-evident.

"Another reform, which we have carried out in the year under review, is likely to grow into one of very great importance. I refer to the scheme which after long and careful consideration in consultation with the Local Governments and obtaining the sanction of the Secretary of State, has been promulgated for the creation of the provident fund for teachers in non-pensionable services. I can think of few conditions more fully calculated to render our teachers more contented, to attract better men, to keep them in the service and gradually to bring about the formation of a regular profession of teaching than this scheme of provident funds. Its benefits will extend to a very large number of persons who, in the existing conditions, are not in a position to make provision for themselves and their families calculated to keep them in comfort in their old age.

"I now pass on to primary education. The Government of India have declared their policy in a letter which was published at the time and which I laid on the table again the other day. In the meanwhile, in province after province Acts have been placed on the Provincial Statute-books permitting the adoption of compulsion in local areas for the expansion of elementary education. In Bengal, Bihar and Orissa, the United Provinces and the Punjab such Acts were passed during the year under review and received the assent of His Excellency the Viceroy and Governor General.

"But it is self-evident that schools cannot be carried on with material addition to the cost of education without a sufficiency of trained teachers, and I regard this as a subject of the highest moment to the cause of educational advancement in this country. In the year 1919 we had 21,527 teachers under training for all sorts of institutions. But, though the number sounds large, it is, in my judgment, by no means enough. The Secretary of State sanctioned a scheme for Bengal which is calculated to bring about a vast improvement in the system of training of elementary teachers in that Presidency. Similarly, an important scheme of expansion has been sanctioned for the Bombay Presidency. Hon'ble Members will appreciate the magnitude of these schemes when I say that taken together the capital expenditure thereon will exceed 13 lakhs, and the ultimate additional recurring expenditure will be about 5½ lakhs.

"Hon'ble Members will ask where the money for all these schemes is to come from. It will be provided largely by the Local Governments but, as the Council is aware, assignments have been made, during the last two years, from Imperial funds of 30 lakhs recurring for primary education and 30 lakhs recurring for technological, commercial and agricultural education. The first of these two assignments is proving a source of great help to Local Governments and local bodies, the latter during the year just ending was equally divided between technological and agricultural education. We are using the technological grant to assist Local Governments in promising schemes which seem to fit in with the general recommendations of the Indian Industrial Commission. As Hon'ble Members are aware, the bulk of the expenditure on education, so far as public funds are concerned, comes from provincial revenues,

to which local and municipal funds also contribute, as well as fees, private contributions, etc. But it will, I have no doubt, interest Hon'ble Members to know that, since the creation of this Department in the Government of India, Imperial grants have been disbursed which up to the end of 1918-19 amount to no less than over 14 crores and that the recurring grants from Imperial sources, which are now annually disbursed, total 214 lakhs per annum. Critics have sometimes complained that Government in this country has cut down its educational expenditure during the war. Such criticism is neither well-informed nor has it any foundation in fact. On the contrary, the expenditure from public funds in 1913-14, before the commencement of the World War, was 5¼ crores; in 1918-19 it rose to 717 lakhs. During that year, the last for which we have figures available, expenditure from public and private sources increased by over 116½ lakhs and now stands at the large figure of nearly 13 crores. And it is significant to note that the Budget for the ensuing year 1920-21 exceeds the revised estimates for 1919-20 by nearly 34 lakhs and the total Budget estimate for the forthcoming year is 836½ lakhs as against 468½ lakhs in 1916-17. Private generosity has also been in evidence. We have recently heard with pleasure of Sir Rash Bihari Ghosh's second generous donation to the University of Calcutta and a European citizen of Calcutta has given 10 lakhs partly for the creation of scholarships for Europeans and Anglo-Indians, and partly for the education of Indians.

"Turning now to that all-important subject, *i.e.*, the education of our girls. In October last we issued a resolution in this connection laying down the lines along which activities should be directed. But the notable feature of the year 1918-19 is that, while owing to the adverse circumstances produced by war, as well as post-war conditions, failure of crops and the influenza epidemic, the number of boys in our educational institutions has shown no improvement, the number of girls has increased by 48,215. This is a matter of the happiest augury and with the return of normal conditions, one hopes that this improvement will go on steadily increasing from year to year.

"Some Hon'ble Members may feel disappointed that the increase in the number of scholars taken as a whole has not been commensurate with the enormous increase in the expenditure from all sources during the year under review. But had this period been one of normal conditions, I entertain no doubt whatever that we would have had a corresponding increase in the number of pupils. Moreover, it is to be remembered that the cost of everything and everybody has been steadily rising for some time past, not only in India but all over the world. We have, for instance, had to increase the rate of our scholarships for Indian students in the United Kingdom. The figures of boys and girls at school for the year which is now closing are of course not yet available. But I have every hope that the increased expenditure of 1918-19 will show its beneficial effect in the figures for the year which will end on the 31st of this month. Moreover, it should be remembered that the comparatively slight decrease in the number of boys reading in our schools during the year 1918-19 took place in private institutions; public institutions, on the contrary, showed an increase of pupils. In that year no less than 2,820 new public institutions were opened in India. Nor, if we take the war period as a whole, have we any great reason for dissatisfaction. Between the years 1913-14 and 1918-19 the number of pupils in all institutions rose from 7½ to nearly 8 millions.

"In conclusion, there is one thing which I must mention in connection with our educational activities. Government have undertaken to educate the children of Indian soldiers who have fallen or have been incapacitated during the terrible war which has now happily ended. This concession covers the cases of children of non-combatants as well as of combatants. It is, of course, impossible for us to educate these children up to the highest standard, but the Silver Wedding Fund instituted by Her Excellency Lady Chelmsford will, I understand, be quite sufficient to give higher education to those boys of this class who desire it. There are many other matters on which I should like to speak, such as the schemes for school hygiene, boy-scouts, the various enterprises for which our technological grant is being given to various institutions,

courses in elementary, hydro-electric engineering, etc. But the time at our disposal being short, I do not propose to detain the Council with a narrative of our activities in these spheres of progress.

(*b*) Public Health.

"I now turn to sanitary matters and consider first the steps which have been taken or initiated during the past year for the prevention of disease. The terrible scourge of influenza which swept over the country at the close of 1918, remained clearly present to our minds. Early this year symptoms were not wanting of a possible recrudescence. The measures for combating the epidemic naturally rest with the Local Governments. But in this connection Government of India have certain functions to perform. In the first place, we increased our stocks, which we had already accumulated, of anti-influenza vaccine. At the same time, we increased the number of stations at which this vaccine can be produced and which now number four. We distributed the vaccine at a low price throughout British India and the Indian States and urged Local Governments to take over consignments and have them ready on the spot, to be kept, where necessary, in cold storage. We issued instructions for the use of vaccine. Further, we warned Local Governments to make ready their organisation for coping with a possible epidemic, and we urged that local bodies should be encouraged to do the same. The Sanitary Commissioner issued a note upon the methods to be adopted in case of illness. We deputed two officers to carry out special investigations so that we may be in a better position to combat the disease. Finally, where necessary, we gave the necessary powers under the law to the Local Governments to take all requisite measures. Fortunately we have not had to make use of the full preparations which had been made. No doubt there has been a good deal of influenza again this year in certain centres; but it has not indicated; save here and there, the virulence of last year's attack, nor has it assumed the same pandemic form. The precautions thus taken in advance assisted, we may hope, in restricting the effect of this third epidemic.

"Another disease, which has recently been engaging our serious attention, is yellow fever. When the Panama Canal was opened, the possibility of danger to India was realised and certain rules were issued with regard to the precautionary measures which should be taken at our ports. The arrangements, however, which would enable those rules adequately to be carried out are costly and must necessarily take time in their realisation. The Government of India were of opinion that the preparations against the possibility of an inroad of this disease must be expedited. At the same time, they were aware that the general position throughout the world as regards yellow fever was changing. Last month, after addressing the Secretary of State exhaustively upon the whole subject, we summoned a committee of experts to meet in Calcutta, and Council may rest assured that their report will be considered with all possible speed.

"I now turn to medical research. I hope that Major-General Edwards will speak on this subject out of the fulness of his knowledge. All I need say here is that very successful pieces of isolated research are going on at various places in India, and that it is possible that certain important developments for the better organisation of this research will now be made.

"Altogether the year has been a very busy one from the public health point of view. A great deal of work has been put through. We have addressed the Secretary of State regarding the re-organisation of the Bacteriological Service and we are dealing with the Sanitary Service as expeditiously as possible. We have also called together two conferences of medical experts, and we have had an informal conference of Sanitary Commissioners. One of the most important points discussed at this conference was the future organisation of public health work in India. Hon'ble Members will recollect that in answer to a resolution put forward by the Hon'ble Mr. Sarma in March 1919 a grant of 5 lakhs from Imperial funds was announced to form a nucleus of a public health fund. This is a most important matter and before

a move is made in this direction, we have to consider very carefully how the money may be most economically expended to the best advantage. The proposals are still under consideration. But I can assure Hon'ble Members that we propose a scheme which is not going to increase very largely the headquarters staff. Though the bulk of the expenditure, as we are at present advised, will be carried out under what will indeed be a central agency, it will be capable of doing practical work all over India.

"We have continued our attempts to ameliorate the conditions of pilgrims, whether Hindus or Muhammadans. A large grant has been provided from Imperial funds for improving the water-supply of Puri—a scheme which will benefit pilgrims from all over India and which, I am sure, will be fully appreciated. As regards Muhammadans, every one here is well aware of the immense difficulties which, as a result of the great war, had been placed not only on the performance of the Haj, but also with reference to the position of the Government in relation to this important matter during that catastrophic period. This year, the war being at an end, we decided that all who desired to perform the pilgrimage to Mecca and Medina should have every facility for doing so. But, owing to the dislocation of trade and commerce and the paucity of ships, we were held up at every point by unanticipated difficulties. At the last moment it seemed as though no ships would be available which would take the pilgrims to Jedda at a reasonable rate since freights have so enormously increased. But, after a few days' discussion with the local authorities and the representatives of Companies, we reached a satisfactory arrangement which it is not too much to say, made the performance of the Haj a possibility, was enormously appreciated by the Muhammadan public and has not proved unduly expensive. We have also, so far as is possible among the many difficulties of the post-war period, improved the conditions of quarantine and medical inspection, and we anticipate still further improvement in that connection.

"I cannot close my remark on public health without paying a tribute to the splendid services performed during the war by the staff of the Central Research Institute, Kasauli. I hope that Major-General Edwards will inform Council of the work which has been done and which, I have no hesitation in saying, must have saved an incalculable amount of sickness among our soldiers in many areas of the great war.

"Passing on to local self-government: there has been a certain amount of legislation with which I need not deal save to congratulate the Government of Bengal and the Legislative Council of the Governor of that presidency on the passage of the Bengal Village Self-Government Act which will, so to speak, bring the problems and powers of local self-government to the very doors of the villagers in their own villages. Legislation with somewhat similar objects is also proceeding in Bombay and the United Provinces.

"While dealing with the administrative side of local self-government, I should mention that we have just had a small committee in England consisting of officers who were on leave and my esteemed friend the Hon'ble Mr. Surendranath Banerjea, who made a study of the system of local self-government in England. The other day I laid their report upon the table and I venture to think that its contents are deserving of careful study by advocates of complete autonomy in local bodies. Hon'ble Members have all read our Resolution of the 16th May 1918 and are, therefore, aware that the Government of India is in favour of every reasonable measure which can increase the autonomy of those bodies. But this report will show how largely, even in a country where local self-government is of long standing and firmly rooted, the State exercises a vigilant control over the activities of local bodies. Last year my friend, Sir Dinshaw Wacha, asked us questions about the housing of industrial labour and I may say, if he has no objection, that a good deal of correspondence of a private nature has passed between him and my predecessor and Secretary. I admire Sir Dinshaw's unswerving attitude in this matter and can assure him that the Government of India have not been unmindful of their duties in this matter, and during the past year have had various large questions regarding this problem under consideration. I believe my Hon'ble

friend himself realises the immensity of the problem in the City of Bombay. It is a problem of enormous magnitude, and I can only hope and trust that my Hon'ble friend will not be disappointed with the result of the schemes which are now on the anvil.

"There are many minor matters which are dealt with in this Department. The year before last a conference was held to encourage the enlargement and organisation of libraries. It has not been without results in stimulating public interest in this matter, and Local Governments have been addressed regarding the possibilities of some widespread organisation.

"The Government of India have also taken in hand the question of record offices. They issued a resolution and appointed an Indian Historical Records Commission, the principal functions of which will be to give expert advice regarding records and records offices and to make proposals for the wider use by scholars and students of our historical data. The Commission has already held two meetings, the second one which was held only the other day in Lahore appears to have been a marked success and afforded an opportunity for public meetings and the reading of interesting papers, etc.

"With these remarks, I beg to introduce the heads of the Financial Statement for 1920-21 relating to Sanitation and Education, Revenue and Expenditure."

The Hon'ble Mr. H. Sharp:—"Sir, I beg to lay on the table the annual narrative called 'Indian Education' and also the statement dealing with Education generally known as 'Salient Features.' These are always laid on the table at the time of introducing these heads."

The Hon'ble Major-General W. R. Edwards:—"Sir, when I addressed the Council a year ago, I described briefly our activities in the direction of medical research, and preventive medicine, and the assistance we were able to give to the military authorities in supplying vaccines and sera.

"Military operations on the Frontier and the necessity for maintaining garrisons in Mesopotamia and Egypt have demanded the continued employment of the staff at the Research and Pasteur Institutes and have absorbed much of our time and energy.

"The demands of the civil population in India have, however, also been met. This civil demand is quite new, and it is a very significant and noteworthy development. Except for the issue of plague vaccine from the Parel Laboratory, Bombay, the civil population used to make few claims on our resources. For example, no cholera vaccine was issued from the Central Research Institute in pre-war days—in 1918, 7,000 doses were issued, in 1919, a quarter of a million doses were issued on demands from civil institutions alone. During 1917-18 and 1919, 10½ million cubic centimetres of typhoid and cholera vaccines were produced at the Karachi Institute, the value of which was £530,000. This is an enormous increase over pre-war days. In the year before the war only 15,000 cubic centimetres of typhoid vaccine were produced.

"The Council well remembers the appalling pandemic of Influenza which ravaged India in the autumn of 1918. We have watched with anxiety the course of this dread epidemic, as it has waxed and waned, in epidemic form over the whole world.

"Active steps were taken by the Government of India to advise provincial administrations as to the prophylactic and remedial measures to be taken in case of further outbreaks, which at one time appeared probable.

"Arrangements were made for the various Central Research Institutes and Bacteriological Laboratories to manufacture anti-influenza vaccine, and

from the Central Research Institute alone over a million cubic centimetres were issued. The efficacy of this vaccine is still the subject of investigation, but opinion in England corroborates our Indian experience, that the vaccine has, at least, an influence in preventing the pneumonic complications which are the dread sequelae of this disease.

"The Bacteriology of this disease is being prosecuted by Captain Malone who commenced his research in 1918, and his very detailed investigations appear to confirm the constant rôle of Pfeiffers bacillus in Influenza.

"The epidemiological aspect of the disease is being investigated by Major Morison, whose object is to collect and analyse reliable figures of the commencement, manner of spread and termination of localised epidemics, in order to determine the relative virulence of different epidemics and the causation of differences in virulence. The investigation is difficult, but in collaboration with Major McKendrick of the Pasteur Institute, useful and valuable results are being obtained.

"I very much regret that we have not more officers available for investigating the problems of this disease. But we should not complain when we remember that in England and Scotland some 15 to 20,000 medical practitioners were called to the war out of a total of some 40,000, and in India we are still at war.

"We have however made very substantial progress in certain directions.

"Lieutenant-Colonel McCarrison continued his inquiry into *Deficiency Diseases* and has published papers which have roused the greatest interest in scientific circles in England and abroad. His discoveries in this connexion have evoked world-wide comment, and it is not too much to say that they are fraught with consequences of the utmost importance

"The inquiries into Hookworm have been continued in the Madras Presidency by Dr. Mhaskar who, in conjunction with Father Caius, is investigating, among other matters, the chemical composition and efficiency of various drugs used for the treatment of this disease.

"Kala Azar is being investigated by Major Knowles and Mrs. Adie at the Pasteur Institute, Shillong, and discoveries as to the life history of the parasite, which causes this disease, seem to be imminent. Excellent results have been obtained in the treatment of this disease by Dr. Brahmachari of Calcutta. Sir L. Rogers, whose services are, I regret to say, lost to India, for a time, owing to ill-health, has worked throughout the year, with his customary energy, on leprosy and tuberculosis. Some very remarkable and encouraging results have been obtained in the treatment of these diseases by various remedial substances obtained under his direction by Dr. Sademoy Ghosh from certain fatty acids of chalmoogra and cod liver oils, and latterly from the oil of soya beans which Sir L. Rogers considers the most effective of all.

"Other investigations financed by the Governing Body of Research Fund were those by Lieutenant-Colonel Donovan, I.M.S., into the possibilities of monkeys acting as carriers of malarial organisms; the continuance of the investigation into the value of the ground-nut as a food-stuff, and into the sterilization of water by various chlorogens by Dr. Mackenzie Wallis. This work is being carried out in St. Bartholomew's Hospital, London.

"Dr. Annandale, of the Zoological Department, is directing the survey of the distribution and types of molluscs in India, the direct importance of which is the possible introduction of Bilharziosis from Egypt, Mesopotamia and China and its spread in India.

"Dr. Chitre has completed his experimental inquiry into the baits and traps best suited for dealing with the rat pest. A field campaign in selected plague districts, based on the results obtained, has been sanctioned by the Bombay Government and will be carried out on a large scale. Another inquiry, the results of which have proved of immediate practical utility, is that completed

by Mrs. Norris, formerly chemist at the Central Research Institute. She has been very successful in preparing a purely vegetable medium suitable for the growth of organisms from which the vast quantities of prophylactic vaccines are prepared. Dr. Karuna Chatterji has been working on a drug, margosic acid, produced from Neem tree oil; used this drug in the treatment of syphilis and other diseases with very marked success. I am waiting for a further report from him.

"With this brief reference to the results of the past year's work in Medical Research, I will now speak of the prevention of avoidable diseases. The efficient application of the limited knowledge at our disposal is capable of saving a vast number of lives every year. Such application is unquestionably the function of local authorities, but local authorities require help from the central Government of their country. In all countries the central Government *must* be vitally interested in the efficiency of this work and in securing, as far as possible, not only uniformity of method, but also the education of public opinion without which but little advance can be made. In the first place, therefore, it is the duty of every central Government to foster, and even inaugurate, measures for educating the public; it is also their duty to prevent the introduction of infection from other countries and to limit its spread from Province to Province. The Hon'ble Member for Education has spoken of the Medical Committees, which have met within the last few months and whose recommendations are under the consideration of Government, and I can assure this Council that, if circumstances permit the adoption of these recommendations, the Government of India will have taken a great step towards coping with epidemics, with a view to their limitation, eradication or, best of all, their prevention.

"The last of these Committees met in Calcutta to consider the vexed question of port quarantine, with special reference to the possible introduction of yellow fever. Its resolutions are of far-reaching importance to India and, indeed, to the world at large. India, it is true, is unfortunately the home of many serious diseases; but diseases also exist in other countries which, so far as is known, do not exist in India and which must be kept out of India. Special attention has been focussed on yellow fever. As with malaria, this disease is transmitted by a certain species of mosquito. After sucking the blood of a yellow fever patient, a period of twelve days elapses before the mosquito is capable of infecting another patient, but after that the mosquito continues to be a source of infection as long as it lives.

"It is obvious then that, in order to protect an uninfected country, the mosquitoes on a 'suspected' ship must be destroyed by efficient fumigation, *before* the ship is allowed into dock. At present facilities for such fumigation do not exist. Colonel Glen Liston of the Parel Laboratory, Bombay, has been experimenting with hydrocyanic acid gas, money for this purpose having been provided by the Indian Research Fund Association. He has recently devised a machine which promises to render the fumigation of loaded ships possible and effectual. Ten such machines have now been ordered for experimental work, and paid for from the Government of India sanitary grant.

"This gas destroys not only mosquitoes and small vermin, such as fleas and bugs, but also rats; the latter is of course a most important matter. A very great point in favour of this gas is that it does no damage to any merchandise, even fruit and vegetables are not injured. If these experiments prove a success, and it is reasonable to expect that they will, a very great advance will have been made in the disinfection of ships, an advance which will not only tend to protect India from yellow fever, but one which will benefit the whole world.

"The question of education in our medical colleges and schools is under my consideration. It is very important at the present time, when our colleges and schools have arrived at a very considerable stage of excellence, that due

consideration should be given to the selection of specialised personnel for the development of new departments. The selection of this specialised personnel is of the greatest importance as here the man is everything.

"Professor Starling from England is arriving this month to advise the Government of India with regard to the founding of a Central Medical Research Institute for India. He will visit Bombay, Poona, Bangalore, Calcutta, Delhi and Kasauli, and will be accompanied by Lieutenant-Colonel Greig, C.I.E., of the Indian Medical Service, who has just completed a tour of the world. Colonel Greig had been placed on deputation at the expense of the Indian Research Fund Association, in order that he might collect information concerning the principal Medical Research Institutions of the world. He has now returned, having visited Great Britain, France, the United States, Canada, Japan, Manilla and Hong Kong. I trust that the result will be that before long we shall possess, in addition to our Tropical Schools and numerous laboratories, an Imperial Central Research Institute with its combined hospital and library of which India may be proud. Lastly, I wish to say a few words concerning the Indian Medical Service.

"This service until recent years has never contained more than 7 per cent. of Indians, and has been regarded by Indians as an alien service. The Secretary of State for India not long ago decided that one-third of the new recruits should be Indians, and this number may be still further increased. More than this, there is a proposal that in order to facilitate the entry of Indians, scholarships or nominations shall be given to the most promising Indian medical students who wish to enter this service. In the former case they would proceed to England to complete their curriculum and then compete for the Indian Medical Service; in the latter case they would proceed to England for a further course of instruction only.

"I trust then that Indians may, in future, no longer regard this service as one in which they have no personal interest, but as a service they may be proud of and one that will shed a lustre on the name of India.

"All countries sooner or later come before the judgment bar of the world. The verdict depends not on the size and greatness of the country, nor on the territories it has conquered and the riches it has acquired. It does not depend on the number of great Kings, Generals, politicians and millionaires that the country has produced, but it does depend on those greater men who by their life's work have tended to improve and ameliorate the conditions of the peoples of the world in general. Such men are those who have left their mark on literature and the fine arts, great philanthropists, explorers, inventors, mathematicians, and, above all, great thinkers and men who have made a name for themselves in original research.

"Now a great change is coming over the destinies of India. It is at such a crisis in the history of a nation that we may look for the birth of men great in the highest sense of the word. It is natural that I personally should be intensely interested in the medical aspects of this question.

"I earnestly desire to see Indians coming to the front in the medical scientific world. America has recently produced many great medical scientists, and so has Japan; why should India not do so?

"This service has been a great asset to India in the past, and has attracted the best intellects from the British medical schools; let it now attract the best from the schools of India as well. I would further call attention to the fact that the greatest intellects cannot achieve complete success unless they have leisure and opportunity to take up the particular work for which they are fitted. How can a man, who has to support himself and his family by the ordinary routine of private practice, find time to really specialise or find time to study in great European centres? These priceless facilities are offered by the Indian Medical Service, and I want to see them taken advantage of by the doctors of India. If they come forward and succeed, as I hope they may, it will be a great thing for India as well as for the Indian Medical Service."

RESOLUTION *RE* PROVISION IN THE BUDGET FOR 1920-21 OF ONE LAKH TO THE BENARES HINDU UNIVERSITY.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, notice of this *resolution was sent up under a mistake arising from the omission of the entry of one lakh on page 98 of the Financial Statement and the matter having been explained, I do not propose to move the resolution."

The Council then adjourned till Wednesday, the 10th March 1920, at 11 o'clock.

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* "This Council recommends to the Governor General in Council that a provision of one lakh may be made in the budget allotment for 1920-21 to the Hindu University, Benares, and the necessary transfer be made between Imperial and Provincial."

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Wednesday, the 10th March, 1920.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C., K.C.S.I., Vice-President, *presiding*, and 60 Members, of whom 53 were Additional Members.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

The Hon'ble Sir George Barnes :—" Sir, I beg to introduce the following heads of the Financial Statement for 1920-21 :—

REVENUE.	EXPENDITURE.
Salt.	Salt.
Excise.	Excise.
Posts and Telegraphs.	Customs.
Stationery and Printing.	Posts and Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital Outlay on State Railways.

" I shall adopt the procedure, which has been usually followed, of leaving it to the President of the Railway Board to deal with the subject of Railways. I must, however, add a word of explanation with regard to two of the subjects in the list I have just read out. I notice, in reading through the proceedings of last year, that my Hon'ble friend Sir Thomas Holland said that the only serious difference of opinion that ever occurred between us arose regarding our competing claims for relief from work, in which competition he said that he mourned my success. In one respect he has this year succeeded in turning the tables upon me, for, as you will see, he has used his well-known powers of persuasion to induce me to introduce two heads of the Financial Statement, *viz.*, Salt and Stationery and Printing, for which he has just become responsible as part of the new Department of Industries. He would, I know, be able to place the case before you with more lucid and picturesque power of expression than I am able to command. Hon'ble Members will, I am sure, look forward to hearing him on the subject next year.

"I will turn first to the head of Posts and Telegraphs. The estimated revenue for next year in pounds sterling converted at Rs. 15 for the pound is £6,050,300 and the estimated expenditure £5,665,900, leaving a surplus of only £384,400. This compares with the estimated surplus of £1,210,500 for the current year. The great reduction in the surplus is largely due to the increases which have been given, and I think rightly given, to the staff of the Post and Telegraph Service.

"We are still working under difficulties. We are short of skilled men and short of material. Many of the officers and men deputed to overseas expeditionary forces returned to India during the year, but we had again to lend a considerable number of them for field service on the North-West Frontier. We are also still short of material, for the supply of stores from abroad has not kept pace with the high requirements of the Department which are necessarily abnormal after several years of the strictest economy. We are, however, hopeful of making up part of our deficiency in this country. Attempts are being made to manufacture telegraph material as quickly as possible in the departmental workshop at Alipore, and orders are being placed with the firms in India wherever there is a power to manufacture.

"As you are aware, the inland telegraph rates had to be increased in 1918 in order to relieve the congestion of traffic. This increase was made with great regret, but there was no other course open to us. As soon however as it becomes possible, there is every intention of reducing the telegraph rates. We are still suffering from the effects of the war, and are unable to get all the apparatus that we need, and the efficiency of the high speed telegraph instruments has steadily deteriorated during the last few years owing to the lack of renewals and spares. The position, however, is improving and I hope that very soon the improvement will become more rapid. As soon as we can get supplies of copper wire, there is without doubt a great field in this country for long distance telephones. We have made a substantial beginning with entire success. The Delhi-Lahore trunk telephone has been extended to Rawalpindi and Peshawar, and speech from Simla to Rawalpindi has proved to be as clear on the telephone as from one part of Simla to another. A new trunk line has been erected between Lucknow and Allahabad, and two trunk lines have been erected between Bombay and Poona. We have other long distance telephones under construction, and provision has been made in the budget for the coming year for considerable expenditure in this respect.

"With the object of further increasing our means of communication, the development of wireless telegraphy on a commercial basis has now been seriously taken in hand. A special branch with a Director in charge is being organised for wireless work, and experts have arrived from England to study the conditions of India with a view to solving the problem of atmospheric disturbances which are the chief cause in this country of interruptions in wireless communications.

"Mr. Crum mentioned in his speech the question of the charges on foreign telegrams. The Government realise to the full the great importance to Indian trade of a reduction in telegraph rates to foreign countries, and as from March 1st the rate to Europe has been reduced from Rs. 1-4-0 to Re. 1-0-0 per word. This is the result of the rise in exchange. In some respects India gains by the rise in exchange and in other respects she loses, but she gains more than she loses, and hence a reduction has become possible. At the end of three months, under Article 27 of the International Telegraph Convention, the rate of Re. 1 will be again revised in the light of the rates of exchange ruling during the three months, and a further reduction may then be possible. It is obvious of course that I cannot prophesy as to this.

"I cannot leave the subject of the Posts and Telegraph Department without some words about the pay of the subordinate staff. In order to meet the increased cost of living, very substantial revisions of pay have been made during the current year. The most important of these took effect on the 1st of February last, and involves an annual recurring cost of about Rs. 20

lakhs in improving the pay of the subordinate clerical staff. At the present moment, a Committee is sitting, composed of officials and non-officials and members of the staff, to examine the question of the pay and conditions of service of the staff in departmental telegraph offices.

"A general scheme of time-scale of pay for all other classes of the subordinate staff is being prepared by the Director General, and you will hear the figures in greater detail from him at a later stage. While, on the one hand, Government are bound to exercise economy in the interests of the general tax-payer, it is, on the other hand, obviously the duty of Government to be a good employer and to pay wages to the persons in its service sufficient to maintain an adequate standard of comfort, and our efforts will always be directed to this end.

"In passing from the subject of Posts and Telegraphs, I should like to say just a word on a somewhat kindred subject, *viz.*, Aviation. A short time ago, as you all know, we organised a mail service by aeroplane between Bombay and Karachi in connection with the incoming and outgoing mail steamers at Bombay. Many people may smile at this experiment when they read the accounts in the press of the weight of mails carried. I fully admit that financially the experiment has not been successful. Nobody ever expected it would be. I wish to say, however, that the object of this experiment was by no means merely to test the amount of support which the public are likely to give to an aerial mail service. Probably an experiment between other centres, if it could have been arranged, would have been more useful from this point of view. But the service was established partly also as an experiment to test the reliability of the aeroplane for the carriage of mails, and still more to gain accurate knowledge as to the cost of maintaining such a service. Instructions were given to keep detailed accounts of the cost, and when these are available the experiment will have proved of some importance and value. Many of us may possibly have doubts whether commercial aviation will for some time be a paying proposition. I am inclined myself to the view, that as far as the carriage of mails is concerned, this will probably be unremunerative until at any rate we have a through connection by air with the United Kingdom. Possibly such a scheme is nearer realisation than many of us anticipate. I do not want to trench upon what is perhaps technically the domain of my Hon'ble friend Sir Claude Hill, but you will notice that a provision of Rs. 5 lakhs has been made under 'Scientific and Miscellaneous Departments' for the development of Civil Aviation, and I should like just to say a word on what we are doing. We are at present carrying out, through the medium of Royal Air Force officers, a survey of the primary air routes between important commercial centres. These officers will report on the provision required in the way of aerodromes and emergency landing grounds to serve these routes. Meanwhile we are taking steps to establish permanent Government aerodromes at Calcutta and Rangoon, and others no doubt will follow. I hope that before long we may be able to obtain from England an experienced officer as Director of Civil Aviation to organise and direct the machinery necessary for the control and development of Civil Aviation in this country.

"Turning to Excise, there is very little to be said. The receipts from Excise again show an increase, due, as the explanatory memorandun points out, to the result of higher wages earned by the labouring population, speculative biddings at auction sales, and to a minor degree to enhancement of duties.

"With regard to Customs, there is little to be said except to give you the figures, which, I think, you will consider to be quite satisfactory. Our import duties for the year 1917-18 brought in a revenue of just under 12 crores of rupees. For 1918-19 the revenue was 12⅓ crores of rupees. The revised estimate for 1919-20 is 15¼ crores of rupees, and the budget estimate for 1920-21 is nearly 16¼ crores.

"Turning to export duties, the revenue was in round figures Rs. 3,32,00,000 for the year 1917-18 and Rs. 3,69,00,000 for the year 1918-19. The revised estimate for 1919-20 is Rs. 5 crores and the budget estimate for 1920-21 is Rs. 6,88,00,000. This progressive rise in the Customs revenue, both with regard to import and

export duties, is of course largely due to the great increase in prices, and the present budget estimate of export duties is swollen by the expected revenue from the export duty on hides and skins. The values of exports of Indian merchandise for the calendar year 1919 compared with the previous year for the most part show large increases both with regard to raw materials and manufactured articles. In the latter case, cotton twist and yarn exported show an increase of nearly £7 million. Tanned hides show an increase of £2 million in value, and tanned skins an increase of £3,900,000. In order to arrive at these figures rupees have been converted into sterling at the old ratio of Rs. 15 to the pound.

"Now I turn to Stationery and Printing. The control of Stationery and Printing will, as I have said, in future rest with the new Board of Industries and Munitions, and I only wish to say that, as in the case of other Departments, we are faced with growing expenditure in increased pay to the staff. The pay of the establishment employed in Government Printing Presses will come under examination by the Controller of Printing, and in the meanwhile, temporary allowances to the lower paid employés, which were given during the war, have been increased all round. The work of Government printing is carried on under very great stress, and I think the good work done, so far as Delhi and Simla are concerned, is apparent to every Member of this Council. I think we may all acknowledge that the printing of papers relevant to the business of this Council is done with commendable despatch and accuracy. The heavy work which is done at the Central establishment at Calcutta also deserves commendation. I only wish to conclude my remarks under this head, as this is the last occasion on which I shall have the opportunity of dealing with the subject, by saying that I fully recognise the greatly-increased burden of work and responsibilities which the war has thrown upon the Department, and have been much impressed by the zeal and energy with which the Controller and his Department have surmounted the difficulties with which they have been faced.

"I might well repeat these remarks with regard to the Commissioner, Northern India Salt Revenue, and the Department under his charge.

"The problems to which the supplies of salt during the war have given rise have been of an anxious and difficult nature. We were faced throughout with the deficiency of supplies of imported salt, and, to meet this, every possible effort has been made to stimulate local production at the Khewra mines, at Sambhar and elsewhere. These efforts have never been relaxed, and India is now in a greater measure self-supporting with regard to salt than she was before the war. I may give the Council a few figures, I will not weary them with many. The output of salt in India during the year 1915-16 amounted to 361 lakhs of maunds, and the output of salt during the year 1918-19 amounted to 520 lakhs of maunds. And if we turn to the figures relating to imports, we find that—

in 1914	the amount imported was	562,000	tons.
„ 1915	it was	519,000	tons.
„ 1916	„	446,000	„
„ 1917	„	341,000	„
„ 1918	„	388,000	„
„ 1919	„	481,000	„

So that in the last year we have imported substantially less than we did before the war, and in the meanwhile the internal production has gone up.

"Although it is true that the record figures of output from the Northern India Salt sources, which were reached in 1918-19, as a result mainly of the copious supply of brine available in the Sambhar Lake after the excessive rains of 1917, will not be approached in the current year, the results have nevertheless been good. The output up to the 31st January, which is the

latest date up to which I have complete figures, was 91 lakhs of maunds, and another 20 lakhs may be expected during February and March. I only wish to conclude by saying that the work of the Department has been exceptionally heavy and difficult during all these last few years, and I wish now that I am handing over charge of the Department to Sir Thomas Holland, to give ungrudging praise to the way in which all ranks from the Commissioner downwards have laboured, sometimes at the sacrifice of health, to meet their responsibilities.

"Now, Sir, I have finished, for I propose to ask Sir Arthur Anderson to deal with the heads relating to Railways, but before I sit down I must remind Members of this Council that when we meet in Simla we shall no longer count among our number Sir Arthur Anderson and Mr. Ley. Sir Arthur Anderson, I am sorry to say, leaves India for good. The Railway Board will be poorer by his departure, and I shall lose a very steady and wise adviser. Mr. Ley and I have worked together the whole time that I have been in India, and it is difficult to tell you how much I owe to him. I can, however, say with truth that it is largely due to his industry, skill and good counsel that we have come through the troubled waters of the last few years."

The Hon'ble Sir Arthur Anderson:—"In the statement which I made just a year ago I referred to the difficulties which railways had been labouring under during the war years. These difficulties have not materially lessened in the interval which has since elapsed. Owing to the transition from war to peace work, and to the unrestful condition of labour in England, we have been disappointed in the delivery of many of the orders placed there, and though materials and equipment have been arriving in this country, they have not done so to the extent anticipated. Railways have therefore continued to work under great disabilities, and it must of necessity be some little time yet before much of the new equipment can be brought into use and make itself felt. Deliveries will probably be freely made in the early months of the new financial year, and these supplemented by the new orders which we have been enabled to place against the provision which the Hon'ble the Finance Member has found himself in a position to make for the coming year, will, it is hoped, prevent any interruption occurring in the work of restoration. A marked improvement in the services which railways render should therefore be evident in the near future.

"It will perhaps be of interest to the Council if I give a few figures based on the latest information available to show the present position in regard to the vital matter of rolling stock.

"First as regards engines.—We had under order for this year a total of 619 engines broad and metre gauge. Of these, we anticipate that only 158 will arrive and the balance of 461 will therefore form a liability against next year. In addition to this we are placing orders for 262 more, so that we shall have 723 under order with a reasonable expectation of receiving the large majority during the year.

"In regard to goods stock we had 17,023 wagons under order in this year of which we expect to receive the materials for 11,753. The balance of 5,270 supplemented by 8,376 further orders make our provision for next year 13,646. These further orders include 3,000 wagons to be built in this country. If deliveries in this respect come up to expectations, a very sensible relief in the present difficult position should be secured.

"In regard to coaching vehicles the figures are naturally more modest. We had under order 1,167, of which only 303 are expected to be delivered, and we have ordered a further 594 against next year. Taking into account the balance of the current year we shall therefore have a total of 1,458 under supply next year.

"In regard to this question of rolling stock the fact must not be lost sight of that until India has reached the stage of manufacturing wheels, axles, brake-gear and other component parts, our efforts at improvement are dependent upon

English supplies, and while the present world demand lasts and labour troubles continue, this is, as shown by this year's experience, a very uncertain factor.

"The unexpected failure of English supplies has had the effect of heavily increasing our net Indian Capital liabilities by the reduction in credits for issues of revenue stores. After allowing for expenditure on special works necessitated by the movement of troops on the frontier, the Indian expenditure (excluding credits obtained for the sale of stores to the Military Department which amounted to 68·03 lakhs) was higher by 342·89 lakhs, and a transfer of grant to this extent from England to India was in consequence effected.

"The value of local purchases is estimated at 1725·31 lakhs which is nearly 7¼ crores greater than the purchases in the last year before the war.

"Our Revenue Budget estimate of traffic receipts for the current year provided for an increase of Rs. 3,77·39 lakhs compared with 1918-19 actuals. It was based on the assumption that consequent on the termination of hostilities the trade of the country would greatly expand. According to the latest estimate the earnings will exceed those of 1918-19 by Rs. 3,02·39 lakhs. The comparatively small decrease of Rs. 75 lakhs as compared with the budget estimate, is in a large measure due to the disturbances in the Punjab and consequent restrictions imposed on traffic.

"The saving in working expenses, which amounted to Rs. 1,20 lakhs is mainly attributable to gain by exchange on English stores issued on revenue account.

"The funds allotted for railway purposes in the coming year, *viz.*, Rs. 21,97·64 which would have been equivalent to Rs. 31,72·13 had the old rate of exchange continued, are again record figures, and I congratulate the Hon'ble Mr. Hailey on the effort he has made. The demands made upon railways are ever increasing, and so long as the scarcity of shipping between local ports continues, congestion is bound to occur. Inconvenience will still therefore require to be put up with, but with the increased provision of funds at our disposal the capacity of the Railways will steadily increase and the worst may, I hope, be regarded as over.

"The large English grant provided for next year is in some degree the result of the failure of supplies in 1919-20, provision being necessary to meet liabilities thrown forward. Apart from this special feature our budget has been designed in the first place to provide, as far as possible, for the improvement of traffic facilities, such as the doubling of main tracks, extensions of yards, sidings, station accommodation, etc., which have been unavoidably deferred during the war, and are now urgently required to meet a rapidly expanding trade.

"The figures adopted for receipts are Rs. 4,75 lakhs more than the revised estimate of 1919-20. It is expected that the traffic will show considerable expansion next year owing to the favourable agricultural prospect and to the development of the trade of the country.

"The budget of working expenses shows an increase of Rs. 4,86 lakhs over the current year's revised estimate due mainly to a larger programme of renewals of Permanent-way and rolling stock, to additional expenditure to meet the increased traffic, and for increased establishment charges. The increase would have been greater but for the fact that the value of English stores issued to revenue is taken at a higher rate of exchange than in the current year.

"The provision for programme revenue during the next year is placed at Rs. 10,75 lakhs against Rs. 9,75 lakhs in the current year's budget estimate.

"It will help the Council to some realisation of the increasing demands made on railways if I quote a few figures. In the pre-war year 1913-14 the freight ton mileage of goods traffic was approximately 15,623 millions. In 1918-19 the figure was 22,140 millions, an increase of 42 per cent. For coal alone the ton mileage increased during the same period from 5,203 millions to 9,987 millions or by 92 per cent. When it is remembered that these enormous increases had to be dealt with by a depleted staff and a rapidly deteriorating

stock, and that additions and replacements were impossible, railways may, I consider, justly congratulate themselves on the manner in which they have met the call made on them.

"The increasing consumption of coal and its continued dependence on rail carriage is one of the chief difficulties presenting itself at the present time. The development of the principal coal carrying lines to meet this evergrowing trade is receiving the closest attention, and, in addition, Government have taken steps to open out the Sor coal-field near Quetta with a view to meeting requirements of the North-Western Railway as far as possible from that source.

"In common with other local industries, railways have not been free from labour troubles during the year which has passed, but though there have been partial interruptions of work occasioning a certain amount of dislocation; railway men generally may be congratulated on the sound common sense they have shown in representing in a regular manner the economic disabilities they regard themselves to be labouring under. Railway administrations have in their turn recognised legitimate claims by the revision of scales of pay from time to time as occasion arose. The enhanced cost resulting therefrom has increased the wages bill by nearly 4 crores of rupees per annum over what it would have stood at had the old scales of pay remained in force. The Hon'ble Mr. Crum during the earlier stage of this debate said he would like to be informed as to the percentages of increase in working costs. For his information I may say that, assuming his inquiry relates to the current year, ordinary expenses are estimated to cost about 17 per cent., Fuel 11½ per cent. and Renewals and replacements about 150 per cent. over those of 1918-19. These substantial increases in the cost of working our railways have compelled us reluctantly to slightly revise some of our rates on commodities which can best bear an increase. The most important change is in coal freights which are being enhanced by from 5 per cent. to 7½ per cent. This may be compared with the increase of coal rates in England where they have gone up by 25 per cent, while other merchandise traffic there has had freights enhanced practically all round by from 50 per cent. to 60 per cent. Generally speaking, railway administrations are averse to raising rates and fares, but with the constant and growing increase in operating expenses, there has been no option left to them but to follow in a modified form the lead set by every other industry in the country.

"During the discussion which took place two days ago Hon'ble Members laid stress on the shortcomings both in the accommodation provided in passenger trains and in their number. As they are aware a very considerable curtailment of passenger services occurred during the war, but I stated last year that Government would use their best endeavours to restore the services to their former level at the earliest possible date. I am pleased to be able to say that considerable progress has been made in this direction, as during the past year the passenger train mileage has increased by over 36,000 miles daily.

"Steps are also being taken to improve the type of 3rd class carriages on long distance trains. In the improved type already introduced on one of the principal railways considerably more room is provided for passengers than is the case in the existing type, while improvements in other directions have also been effected.

"Hon'ble Members are aware that of recent years new construction has practically been at a standstill. It will be a satisfaction to them to learn that we can look forward to making a beginning during the coming year with some lines which have for long had to be held in abeyance. It will not be possible even now to secure a full measure of materials required to push work forward in an energetic manner, and in any case our first concern must be to bring existing lines to a satisfactory standard before hampering them with new traffic arising from an increased open mileage. In our Budget for the coming year we have provided a sum of 94·50 lakhs for new projects and 84·75 lakhs for the purpose of carrying to completion works already in progress. In this

connection we have not been blind to the urgent calls which have come from Bombay and from Calcutta for the improvement of suburban train services arising out of housing difficulties. A committee representing local interests presided over by a Member of the Railway Board is now inquiring as to the best means of meeting Calcutta's requirements, while in Bombay where increased facilities are even more urgently required, considerable progress has been made towards bringing the electrification of local railways serving suburban areas into being. Sufficient funds to secure a good start being made with the work have been arranged for.

"Another class of work which invites early attention is that of the restoration of lines dismantled in order to transfer the materials obtained from them to war areas. Funds have been provided for this work being taken up during the coming year, and it will be pushed forward as quickly as materials are obtainable. The lines which it is proposed to take in hand are the Guntur-Tenali, the Bhagalpur-Bausi, the Hyderabad-Badin and the Dhakia-Sambhal.

"The Hon'ble Mr. Crum has expressed himself as not quite satisfied with the reply I gave to his question relating to the proposed new bridge over the Hooghly. It is manifestly impossible for me to give an undertaking that a work for which the preliminary investigations are not yet complete, will be put in hand at once. The original designs did not prove acceptable to all interests concerned in that the technical officers of the Port Commissioners recommended modification with a view to reducing obstruction to the waterway. These are now under consideration by the Bengal Government. All I can therefore say is that the work has been accepted in principle, and that, though I shall not be here to take a hand in it, I hope no time will be lost in making a start as soon as the necessary preliminaries have been completed."

RESOLUTIONS *RE* PAY AND PROSPECTS OF THE POSTAL DEPARTMENT AND APPOINTMENT OF COMMITTEE TO INQUIRE INTO GRIEVANCES.

The Hon'ble Mr. G. S. Khaparde:—"I ask your permission, Sir, to move resolution No. 13, before moving resolution No. 12, on the list. My remarks will apply to both resolutions, and I beg you will put No. 13 first and No. 12 next."

The Hon'ble Mr. V. J. Patel:—"Will it not be convenient, Sir, if we take Nos. 12, 13 and 14 all together, because they relate to the same subject?"

The Vice-President:—"As the Hon'ble Members like. Mr. Khaparde will speak once and Mr. Patel will speak once, but both will have the right of reply. Is that satisfactory?"

The Hon'ble Mr. G. S. Khaparde:—"Quite, Sir. The resolution which I have to move runs as follows:—

*"This Council recommends to the Governor General in Council that the grant under the head 'Posts and Telegraphs' in the budget estimates for 1920-21 be increased by twenty-five lakhs of rupees to provide for the betterment of the pay and prospects of the clerical and telephone establishments of the Postal Department."

"The next resolution I have to move reads as follows:—

†"This Council recommends to the Governor General in Council that the grant under the sub-head 'Special Commissions of Enquiry' of the major head 'Miscellaneous' be increased by R25,000 to meet the expenses of a committee to inquire into the grievances of the clerical and telephone establishments of the Postal Department."

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*No. 13. †No. 12.

As a preliminary to the observations which I wish to make, I request that I may be believed when I say that my object in moving these resolutions is not really to say that the people in other departments get more than they ought to. They probably get what they deserve. My position is that the postal subordinates really ought to get more. It is not that I want others to get less, but I want the Postal Department to get more and possibly get as much as the other departments do, and that is my position. So in instituting comparisons which are always rather unpleasant, but all the same they have to be brought in if the position is to be established, I hope I may not be misunderstood. Now, that there are grievances under which postal subordinates labour I believe there is no doubt. Many Hon'ble Members here have received numerous telegrams, and I have received so many of them that for two nights I could not sleep; every few minutes a telegraph man would be at the door knocking to wake me up to receive a telegram; and I have brought them all here. I could make quite a good show as if I were a very busy man indeed, because I think they would easily go beyond a few hundreds. But, these telegraphic messages are genuine. That is why I say that these grievances of these postal subordinates are real and very real as I shall presently explain. Council will remember that the present department, Posts and Telegraphs, was formerly two different departments, namely, Posts under a separate Director General and Telegraphs under a seperate Director General. In the year 1913 they were brought under one administration, and one Director General of Posts and Telegraphs has the whole department under him. That department is like this. There is first the Telegraph Department. There are the telegraph people, that is the operators on the telegraph machines. Then there are what are called signal room clerks, that is people who take your money and who take down messages and deal generally with the public, and there is also a class of people called telephone operators attached to the same line. Whereas in the Postal Department there are three branches; in fact it might be called tri-partite. There is a purely postal branch, then there is a subordinate service called the Railway Mail Service. Then there is a combined branch, that is a branch which does postal as well as telegraphic work. If you put them together, the whole department now administered by my Hon'ble friend Mr. Clarke is something partly telephonic, partly telegraphic, and partly postal, and this mixed department which partly deals with telegraphic work and partly with the postal. I dwell upon this difference to some extent because I hope to show that the telegraphic part of this department has been very very fortunate. I do not grudge them their good fortune—I really wish they had more if possible, but they have been very fortunate indeed.

"There are two scales in this department, one is called the general scale and the other is called the local scale. The general scale means that the servants of that department are likely to be transferred from any place to almost any other place in British India, and therefore they get a little more than the local people who are supposed to be confined to their province or to the particular part where they are serving. The general scale people begin with Rs. 75 and can go to Rs. 200, whereas local scale people begin with Rs. 50 and can go to Rs. 130 or Rs. 150. In the case of the postal people, however, before the 18th February, there was what I would call real confusion in different circles because they began with different pay. A circle is a term more or less technical in this department, and roughly corresponds to the different provinces. The Punjab is the Punjab circle, Bengal is the Bengal circle, and so on. It is not quite accurate but it will do for general purposes. So people begin in some circles or some provinces with Rs. 15, in others they begin with Rs. 20 and in some cases they begin with Rs. 30. Now that was a difficult thing with people of the same department, because they served in different provinces they began with this small pay. Then there is no general or local scale as there is in the telegraphic department. Further difficulties arose in that respect when the pay of these postal people were very much lower than the pay of the other departments of the Government. For

that purpose I have just compiled a little memorandum to show how [illegible] situation is, and I will take Delhi itself. Under the memorandum, which was [illegible] on the 18th February, these inequalities in different circles have to a great [illegible] been removed. and everyone in the postal department begins with R[illegible] whereas the clerks in the Chief Commissioner's office begin with Rs. 35 and by yearly increments go higher. The people in the Chief Engineer's Office begin with Rs. 40 and the Postal Audit Office, which is in the same department begin with Rs. 40. The clerks in the Controller's Office begin with Rs. 50, whereas the telegraphists on the general scale begin with Rs. 75. So the unfortunate postal clerk appears to draw the least as he only draws Rs. 30 and people of nearly the same education, and having less work to do, draw higher pay. Then there is a further difficulty in this case, that is to say, that these inequalities between one branch of a department and another branch of a department because they are all lower paid in comparison with other departments similarly situated in the same place. This circular No. 83 of the 18th February, that is only a few days ago, has removed to some extent these inequalities in the postal department. Then there used to be a complaint about the time-scale. I did not quite understand the meaning of time-scale before; but I have studied it and I find that time-scale means that people rise automatically and get an increase every year which is a sort of an annual increment.

"Formerly the system in vogue in the postal department used to be called the grade system, which means that people would get, say, Rs. 50 in one grade, Rs. 60 in another grade and so on, and promotion was given from one grade to another which meant that the senior man in the lower grade had to wait until there was a vacancy in the higher, and under this arrangement promotions were very uncertain and sometimes new people were appointed to the department which meant so much loss to the people placed below.

"The time-scale service has this advantage, that everybody begins and receives increases automatically, and there is no complaint on that ground at any rate. It is more economical also, because a person retiring on Rs. 500 may not necessarily be succeeded by a person drawing Rs. 500, and another person may be appointed whose pay is on the time-scale basis and he may not be drawing Rs. 500. I am glad to say that these advantages have been recognised and endeavour is being made now to give them the time scale. I myself think the scale begins too low and it may be said that this circular letter of the 18th February last really equalises all this and that there is no grievance, but I humbly submit that this is not so. The grievances are still there. The circular letter deals only with people who draw pay up to Rs. 100, it does not deal with menials, nor does it deal with the higher portions of the service. In dealing with the smaller portion of the service it makes a sort of an ominous kind of statement,. it is, 'The revision noted above will have effect from the 1st February 1920.' I have got another paper which shews that this grievance has been brought to notice from a long time. It says the scheme is a large one—that was written on the 19th December 1919 by the Postmaster General—

'I have seen a number of telegrams and representations from the staff asking for a revision of their pay. This gives the impression that nothing has been done. That is not the case. The question was taken up by the Director General early in the year and his proposals were placed before the Government of India and the scheme is now before the Secretary of State. It is hoped that his decision will be received by the end of the current month and that the new scale of *pay will have retrospective effect* '

which I take to mean that the new scale when it is sanctioned will date back to the 1st April, 1919. If I am wrong I hope I will be corrected. Even supposing these people are contented with the scale, and I do not think they are, because it is a very limited scale, they stand to lose nearly a year's increment. Then this mode of introducing it is harmful in another direction and that is that it is made applicable to people who join the department now.

[redacted]hat about the case of people who have served for 20 and 25 years? All [redacted]me they have been kept out of their dues. How is their case to be met? [redacted]y to retire on the old scale of pay with no increment at all? To my [redacted]t does not appear that this circular meets the case of these people.

Then, again, it was announced yesterday by the Hon'ble Mr. Hailey, that 23 lakhs of rupees have been provided for the revision of the salaries of these people. If I heard it rightly, Sir, I do not quite understand whether that sum of R23 lakhs has already been provided for in the Budget, or that a grant of 23 lakhs of rupees has been made in excess of what is provided for in the Budget. If it is the former, that is to say, if it is included in the Budget, then my resolution is safe, because I ask the Government to increase the grant that has been made under that head. If it is extra, that is to say, if it is beyond the Budget, still I say it is merely a palliative, and it does not really remove the grievance root and branch and the palliative may be good for the time being, but in order to have an element of finality in the matter or almost an element of fixity in the matter, we will have to put them on a proper and satisfactory footing by which these people may be contented. A large service and a discontented service is not a blessing. I should prefer to make them feel that they are fairly treated, and so whether that amount of 23 lakhs of rupees is already included or it is made in excess of the Budget, is immaterial, and I submit that my resolution stands by itself and requires inquiring into.

"I made a calculation roughly, because generally I make mistakes in my calculations, and arrived at the figure of 80 lakhs, but I thought that if I mentioned 80 lakhs nobody would care to look at my proposition, so I reduced the figure to 25 thousand rupees, but here I would ask the Council not to think that it is a figure which was arrived at as a result of careful calculation. It is the result of a little bit of timidity on my part and also a little bit of prudence, because being a smaller figure you may care to notice it and if it was a large figure you may be scared away and not care to take notice of it. But to put the postal subordinates on the same level in their own department as the telegraph staff in the same department, it would require, according to my calculation, about 80 lakhs of rupees. My calculation would be admittedly very rough, and being a bad calculator, it is likely to be wrong, but anyhow it is somewhere near the figure that I have suggested that would have to be provided for. Why do I refer to the Telegraph Department and to the Postal Department in the way I do? First because I feel they are part of the same department; next because, as I shall show presently, the educational qualifications required of these people are very nearly the same; only in the case of telegraph people they have to study signalling or telegraphy, while, in the case of the postal establishment, they are expected to deal with a large number of branches. So I believe while there is need for special training on the one side there is necessity for the postal staff to get acquainted with the work of various branches. That balances the whole thing, and therefore, I think, both the Telegraph as well as the Postal establishments should start on the same pay and be eligible for the same promotions. For that purpose I have compiled a table to see how things go on. In the case of telegraphists, as I explained, there is a general and a local branch. The general scale man begins with R75, whereas even with the improved conditions under the circular No. 83 of 1920, the postal clerks start only on R30, and this is the difference about which I shall speak presently. I will first of all compare their pay. In the case of the telegraphists they start on R50 or R75; then they get annual increments and also over-time allowance, that is to say, if they work beyond the 8 hours fixed for them in the ordinary course they get something extra. Then they also get what is called pie-money. That is a technical term, and pie-money is given as a sort of reward for superior efficiency. They are supposed to send a certain number of telegrams within a specified time, and if they manage to send more within that time, then they get a certain percentage of their earnings and that is called pie-money. This is so far as the telegraphists are concerned. Now let us see how the pay of the postal clerks compares

with the pay of the telegraphists. The postal people begin on Rs30, bu[redacted] do not get any over-time or pie-money.

"Now as to the duties, I have compared them also. The duties [redacted] telegraphists are, they begin and end with their instrument and nothing [redacted] For dealing with the public there are what are called signal room clerks, and if there is a little bit of extra work there are telephonists employed to work in rotation during the 24 hours of the day. As against this, let us see what are the duties of the postal establishment. In the postal department there is work which is called departmental and extra-departmental or non-departmental. The departmental work consists of dealing with money orders, parcels, window work, dealing with the general public, insurance and the liability for losses, savings bank work, selling stamps, V. P. parcels and recovering amount on account of them. Now their non-departmental work consists of selling quinine, selling salt, payment of pensions to native military pensioners, selling judicial stamps, Life Insurance of Government servants, War loans and other loans. After all this work is disposed of by these clerks, they have to look to the work of collecting custom on foreign parcels. Therefore it has rather amused me, and I hope it will amuse some at any rate, that in the case of the telegraph clerks they have only an 8 hours' day and when they finish their 8 hours' day they go away and some one comes and relieves them, whereas the time fixed for these unfortunate postal officials is from 10 to X. Now 10 means that he has to be in office at X o'clock and X means that he has to remain there till he finishes his work, it may be 12 hours, 14 hours, 18 or 20 hours, so I say from 10 to X, because they have to remain in office for an indefinite length of time. X is an algebraical term I understand it; it is an unknown quantity; everything unknown is equal to X. Therefore whether these unfortunate people remain for 15 hours or 20 hours in office is quite immaterial. This is really rather hard work, and what is more, with the varied nature of their duties their responsibilities are also greater. In the case of the telegraphists after they have sent away the messages allotted to them as correctly as they can, the matter ends there; whereas in the case of the postal people their responsibility is infinitely greater, as they have to be responsibile for excess payments, for short receipts, and in all this work the liability of making mistakes is far greater and they are fined for such mistakes. Oftentimes I am told that these fines are recovered from these clerks, so that if they cannot enjoy their whole pay they live with the precious little that they get. This is the lot of these poor people who have to support themselves on a smaller pay.

"Then, again, as I said these people do not get sufficient assistance to carry on the work, and I have compiled a table which shows that the number of hands employed in the department is hardly commensurate with the volume of work which is daily increasing. For instance, in 1915-16 the number of officials were 95,746 and they dealt with 1,051,428,160 or in round figures 1,051 million articles, or in other words 91 persons had to deal with one lakh in that way. In the next year 1916-17, they had to deal with one thousand 87 millions and the number of people were decreased to 88 per lakh. In the third year 1917-18 they had to deal with 114 million articles and the work had to be done by 87 persons per lakh, there again the number of men were reduced. Then lastly, in 1918-19, the men had to deal with 1,194 million articles and the percentage got reduced to 83. So, the work goes on increasing, and the percentage—(percentage is a wrong word here, it should be per lack) goes on falling. From all this one can easily imagine how much hard work these poor people must have been doing and for what?—for this little remuneration to which I have already referred.

"Sir, the case becomes worse when you take the railway branch of that service. Those poor people have always got to work outside their stations. They generally have to do their work of sorting letters and looking to the packages and so forth between one station and another and they have to finish all their work, I suppose, before the train reaches the terminus. As they have to work between one station and another, often they have no proper convenience on the way; many of those people do not eat the food cooked by other

[redacted] they often have to go without food. And yet, they get no [redacted] allowance at all. Their pay is fixed according to the scale, whatever and [redacted]ndy be and that is all. They have often to work against time between one [redacted]ours [redacted]n and another. I think that is a very great hardship. Everybody who has got to work outside his own station gets a travelling allowance. The Superintendent of the department gets his travelling allowance, but these railway mail service people do not get anything. Of course, they have no over-time. They do not have any regular hours either, their hours have to be regulated not by a certain number, but in accordance with where the train will stop and where it will be possible to relieve them. Sometimes I have seen some of the clerks accompanying the train from Bombay to the Punjab, and the same clerk goes on sorting letters, etc., and staying up all night. But whichever way we look at it their lot is not at all an enviable one from any point of view. There is a great deal in these grievances and I have received such a large number of them that if I went on detailing them, I would detain the Council here very long. Anyhow I think I have said enough to show that there is a real grievance behind them. What is more important is that the Telegraph people in 1919 had their pays revised and adjusted, and two days ago there was a Commission sitting to inquire into their grievances and revise their pays and do something, whereas nothing up to this time has been done about these postal subordinates. No commission has inquired into their grievances, no endeavour has been made to adjust their pay to their work, and in fact no trouble has been taken about it, and that is what has led me to frame my second resolution in this Council. If the Government see their way to put these people on an equality with the Telegraph Department there is nothing more to urge, but in case Government do not see their way to do this, and it may be that I have not supplied enough data—I think I have given enough to show that there is a real grievance—if this data is not enough I propose that a small committee may be appointed and this matter of their grievances may be gone into. In order to put my resolutions into the form of budget resolutions I have to say that the grant should be increased by R25,000, and this committee will sit and inquire into all these things, and there are numerous other things which I am afraid I do not understand. That is to say in the Telegraph Department, if there is a rush of work and many telegrams are received, they are able to hand some over to a neighbouring office to distribute. Often they send them by post. Whereas if there is a rush in the Post Office they have no such means of transferring work from one office to another where there is less work. What is called hand to hand delivery I have not yet quite understood. I believe it means that the man takes a number of telegrams which cannot be dealt with and carries them to a neighbouring office and says 'we have too much to do, you have some time, dispose of them.' Nothing of this sort happens in the Postal Department. There are a number of other grievances which, not understanding them myself, I do not like to put forward, but I believe I have made out a case to show that they have great grievances. Their beginning is very poor; their annual increments are very poor and there are large numbers who have been serving on low pay for 20 and 25 years. So I submit I have made a case for this grant being given to them, not 25 lakhs as I have said, but the necessary amount after proper calculation. If that cannot be given, at least an inquiry may be made. I hope I have not overstayed my time; I have tried to be as brief as I can. With these words I move this Resolution."

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the following resolution:—

'This Council recommends to the Governor General in Council that a provision of rupees ten thousand be made under the appropriate head in the Budget in order to meet the expenses of a Committee of officials and non-officials to be appointed to inquire into the grievances of the clerical establishments of the Postal Department.'

"Sir, in moving this resolution, I should make my position with regard to the resolution moved by my Hon'ble friend Mr. Khaparde perfectly clear.

I am entirely at one with him in the demand that he makes for [redacted] of the pay and prospects of the clerical establishment of the Po[redacted] ment, but I must say at once that his resolution as it stands is very [redacted] and will not meet the requirements of the situation. What are the de[redacted] of the Postal clerks? Their demands are that they should be placed on a footing of equality with their brethren, the Telegraphists. In fact they say that they should have time-scale pay, not the time-scale pay as ordinarily understood, but what they really want is the retrospective time-scale pay. We are told that something has been done to ameliorate the condition and better the pay and prospects of these people. Well, I quite agree that something has been done, but that something is not what they ask for. Among the numerous telegrams that I have received, as other Hon'ble friends of mine must have received, I will only read one just to show what the Postal clerks think about the revised scheme which has been recently announced :—

'Revised scheme just published extremely disappointing, mere promises time-scale pay unsoothing starvation leading to extremes, pray merciful interference immediate grant retrospective time-scale pay like telegraphists. Nothing short will satisfy. Addressed Viceroy, repeated Director General, Posts—Postal Association.'

"I have received numerous telegrams and communications to the same effect. What they really want is retrospective time-scale and not progressive time-scale. Let us now see what the effect of the grant of such scale would be on our budget? If retrospective time-scale pay were granted to the Postal clerks as they demand, the effect of it would be that we would have to make provision of something like 80 lakhs of rupees in our budget. Well, that being so, as I have already said, my Hon'ble friend Mr. Khaparde's resolution will not meet the requirements of the situation. He merely demands that the provision of 25 lakhs of rupees be made in the budget. This certainly cannot satisfy the Postal clerks. Now let us for a moment examine the claims of the clerical establishment of the Postal Department to be placed on a footing of equality with the Telegraphists. I have taken some trouble, as my Hon'ble friend Mr. Khaparde has done, to put two and two together and make a sort of a comparative statement of the respective duties, responsibilities, pay and prospects of our telegraphists and postal clerks. Of course the statement is neither long nor exhaustive, but I have just jotted down a few points which will give clearly some idea to this Hon'ble Council as to the respective duties and responsibilities and the pay and prospects of those two classes of employees. No educational qualifications are required of a telegraphist before he enters the service. A postal clerk, on the other hand, must have passed either the school final or the matriculation. If I am wrong I shall be glad to be corrected. The telegraphist has to learn telegraphy only; the postal clerk has to learn telegraphy as well as several branches of post office work. The telegraphist starts on Rs. 50 local scale and Rs. 75 general scale, while a postal clerk starts on Rs. 25 and under the new revision will start on Rs. 30. The telegraphist gets yearly increments and rises to Rs. 150 and 200 in 16 years; in the case of the postal clerk there is no yearly increment. Promotion is given only when a vacancy occurs; he hardly gets Rs. 50 after 16 years. There will be some improvement here under the revised scheme. The telegraphist has to attend to his duty for a period of 8 hours only, while a postal clerk has fixed periods but has to attend for at least 10 hours and complete the work assigned to his branch. The telegraphist is paid extra allowances for overtime and gets the benefit of late fees and the pie money referred to by my Hon'ble friend Mr. Khaparde, while for the postal clerk there is no extra allowance even though he may have worked overtime. A telegraphist is not transferred for a number of years from one place to another, while there are frequent transfers in the postal department, and a clerk is shifted from place to place. The maximum work for a telegraphist is a limit of 150 messages, while in the case of a postal clerk there is no limit of work. The work assigned to his branch must be completed before leaving office, and thus he is always overburdened. The telegraphist has to attend office once or at the most twice a day, while a postal clerk has to attend office, once, twice, thrice and even

[redacted]ay. There are one or two more points of difference in my [redacted]. The duties of a telegraphist entail no pecuniary responsibility and hence he has no anxiety while on duty and can rest at ease after office hours, while in the case of a postal clerk his duties entail pecuniary responsibilities and, consequently, his mind is always heavy with anxiety, both while on duty and afterwards. Thus he gets no mental rest and suffers from physical dullness which shortens his life, and so he becomes unfit for any other profession or work after retirement. There is only one more point, Sir, in my notes, and that is that the telegraphist has never to make good any pecuniary loss while a postal clerk has to undergo pecuniary loss in his transactions with the public, while sending money orders.

"Well, Sir, if the statement that I have made to this Council is correct or substantially correct, I certainly say that the Council should favourably consider the case of the clerical establishment to be placed on the same footing as the telegraphists. As my Hon'ble friend Mr. Khaparde very rightly stated, it is not our case that the telegraphist gets more than he deserves; perhaps he gets less. But in any case there is no reason why a postal clerk whose duties and responsibilities are equally heavy, if not heavier, should not be paid equally with the telegraphists.

"Well, Sir, I know something about the Bombay postal clerks and their condition. They tried their best to induce the Director General to grant them the retrospective time-scale. In fact since the beginning of 1918 they have been appealing to the authorities for redress. They made an application in the year 1918 pointing out to the Director General the desirability of introducing the time-scale in their case. What was the reply? The Director General said 'Whatever may be the advantages of time-scale pay, its introduction in the case of postal clerks is out of the question.' That was the reply that they got in, I think, June 1918, six months after their application. The postal clerks were naturally not satisfied and they again appealed to the Director General. I think that was somewhere in February 1919 and they were then assured that a big scheme of revision was in contemplation. Well, they naturally thought that something really substantial was coming. Nothing of the kind. They waited for months and months and, finding that there were no visible signs of that big scheme which was promised the Bombay postal clerks submitted an appeal to the Viceroy through the Director General and also asked for an interview with the Director General. The Director General was pleased to give an interview and the postal clerks reiterated their demand that the only radical cure was the grant of the time-scale in their case. Since then the so-called big scheme of revision has been announced and the postal clerks have lost no time in characterising it as wholly disappointing. In fact very soon after this revision was announced, a public meeting was held by the postal clerks in Bombay under the presidency of my friend Mr. Baptista, Barrister-at-Law, and a representation submitted to the Director General pointing out again that the only possible cure was to grant them the time-scale pay, not progressive but retrospective.

"Well, Sir, I am convinced in my mind and I believe most of my Hon'ble friends here must have been convinced that these postal clerks have now combined; they have organised or are organising and they want what they think they deserve. I strongly appeal to Government not to neglect them, not to disregard their unanimous demand. If you for any reason cannot see your way for the time being to grant the 80 lakhs that they say they must get, at any rate let us have a committee of officials and non-officials, as I propose, to examine the whole question and see whether it is possible to meet their demands in any way. That will satisfy them for the time being, I hope, but I am afraid in these days it is not wise on the part of Government to disregard the unanimous demands of so important a class of public servants as the postal clerks, and I need hardly add that the consequences of such disregard would be to say the least serious both to the public and the Government. The situation calls for immediate action and the Government should, therefore, at least appoint a

committee of officials and non-officials, as I suggest, instead of throwing them overboard by saying 'well, their pay and prospects have revised, the revision has been announced only a few days back and they must for the time being rest content'. We know that the revision announced is regarded by them as highly disappointing and will not therefore meet the requirements of the situation. Under these circumstances, the only way open to Government to my mind is to appoint a committee immediately."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I entirely associate myself with the case that has been placed before the Council by my two friends the Hon'ble Mr. Khaparde and the Hon'ble Mr. Patel. I do not think there is any real difference between the two cases. Mr. Khaparde has distinctly stated the figure of Rs. 25 lakhs which he suggested was an arbitrary figure in order to draw the attention of the Government to this. Mr. Patel has more elaborately shown that if you are really consistent, if you grant their prayer, then the cost will amount to not less than Rs. 80 lakhs, and he therefore asks for a committee to go into the matter and see how far this could be met. Sir, to my mind the only matter that we should urge upon the Government is that steps should be taken to give this increment to these poorly-paid employees with retrospective effect, not from February 1920, but taking into account their past services. If in doing so the question becomes a difficult one to solve, if the Government thinks that it could be better gone into by a committee, I think a committee might be appointed, but I do not insist on that as absolutely necessary. The only point is that you should give them an increase taking their past services into consideration, and give them a time-scale accordingly."

The Hon'ble Sir Dinshaw Wacha:—"Sir, this postal grievance is a longstanding one. I have been urging it here in this Council for the past four years and have been putting many questions regarding the pay and prospects of postal clerks and postal peons. The grievance has, I admit, been met with a certain amount of consideration from the Government. Palliatives have been offered; but those are mere palliatives pure and simple. When we consider that from year to year there is a great advance in the cost of living and house rent, the increased allowances granted during the last two or three years cannot be held to be commensurate with that increase. Considering all those things, I am afraid Government have not been so generous as they ought to be, consistently with the rising standard of living. The Hon'ble Sir George Barnes observed that the Government fully recognise the fact that a good employee of the State is a very contented employee . . .

The Hon'ble Sir George Barnes:—"I said the Government ought to be a good employer."

The Hon'ble Sir Dinshaw Wacha:—"Well, Sir, in private firms and in different business offices such has been the case. Private offices and firms do recognise what a clerk should get consistent with the times and cost of living to make him feel contented. I am afraid this aspect of having contented employees is forgotten or neglected, either by the Director General or the head of the Postal Department. If he is neither neglectful nor forgetful then, he simply shrugs his shoulders, and says that the finances do not permit of further grants or allowances! Now, that may be partly true. But I may reasonably ask how are the lowly-paid clerks and peons to be made contented? There is no branch of the public service which does such valuable work as the Post Office. I have repeatedly observed so in this Council. Every unit of the population comes into touch with the Post Office almost every day. That being the case, I have uniformly given credit to the Postal Department for the admirable way in which millions of letters and parcels and newspapers and other articles sent by post are being dealt with.

[redacted] no doubt of the high efficiency attained by the Post Office. But I regretfully observe that it is generally attained by sweating. We are all denouncing sweated labour here, there and everywhere, we denounce sweated labour in the mills where, of course, there is not much of it. It is so, I will say so; I frankly say so; I courageously say so; and that with the greatest emphasis. But that is another story. The Government themselves sweat a service like the post where are employed thousands of poor hard-working people. These number nearly a hundred thousand. If Government really recognised that they were discontented, there would not be so many strikes as there have been during the last two or three years. Strikes are increasing in number; and if the Government are wise I should certainly request them now to seriously take the grievances of the postal clerks and peons into their consideration. Palliatives will never do. What is wanted is a most generous treatment which may bring contentment. I may say, so far as Bombay is concerned, in every private office, even ordinary peons and messengers are getting from Rs. 20 to Rs. 25 a month besides allowances and bonuses. Look at the poor postal peon in Bombay. Bombay has a population of 12½ lakhs. Almost every unit of this vast population gets a letter once a week or so. In Bombay, there are large *chawls*, four stories high, where, perhaps, are congregated two or three hundred people. Just imagine the hard work a poor postal peon has to do by way of delivering letters and money orders up and down during a day to these 200 or 300 people crowded in a single *chawl*! Look at this amount of work only and the population to be served. It is an astonishment to me that the poor postal peon is so patient and so unmurmuring. He applies periodically for a fair and reasonable increase to his wages; but the Government have hitherto never given a truly generous response. It reflects little credit on the Government, I will say that most emphatically. I have, I repeat, put questions on the subject during the last four years, but I do not see that anything substantial has been done by way of allaying the growing discontent. If strikes oftener do take place and if the public service is less efficiently performed than before, I am not surprised. Sir George Barnes said there was a surplus last year, and estimated that this time the surplus would be very much less. But may I inquire what is the first use to which a surplus should be applied? I consider, Sir, that so far as the postal service is concerned, it ought to be for the purpose of keeping the employees contented, and next, to expend the balance which may lead to greater and greater efficiency. Whatever surplus there is, is of course taken from the public. Therefore the public should have the benefit of it, and how is the public, that is the taxpayers, to be benefited? The public say: 'We want to see our postal service more efficient.' How is it to be more efficient? I say: 'Pay your clerks well, pay your peons well and generously. Let them have some standard of comfort.' But you do nothing of the kind. What surplus there is is grabbed by a Government ever in want of the eternal pence. I do not think there is a more grabbing Government than the Government of India. It is the same thing with Excise. I could go a great deal into that question, but refrain from doing so in this place. The taxpayers are asked to pay more and more in order that the fattest taxeaters may have more cakes and ale. The Government of India and the Director General of Posts and Telegraphs seem to have yet no idea of the depth of feeling, the depth of discontent that is prevailing in the post offices of land, not only in Bombay, but in all other provinces. Like other Hon'ble Members I too am receiving telegrams; in fact the number of telegrams which I have been receiving during the past five years would make a big pile. A few of these I have sent to the Director General. I have been constantly trying to catch him and get an interview, but owing to some cause or other I have not been able to do so yet. But apart from that, I am glad my Honourable colleagues have brought the matter forward to lay so prominently. I think they have made out a good case; and I appeal, Sir, to the Government of India that they should appoint a committee of officials and non-officials as my friend, Mr. Patel, wants to investigate the whole question of the salaries and wages of postal clerks and peons. Such a committee will fairly and independently

investigate the whole case of these employees, and make a report wh[redacted] commend what fair and reasonable satisfaction could be given. I admit [redacted] Government have spent something during the last two or three years, but [redacted] the public money be spent in an efficient way. There is extravagance on one side and there is cheese-paring on the other. That is the policy of Government. Those who got much get more, while those who got very little get nothing at all or even something less than before! That is the position. That is not a policy which a wise Government should adopt. Fair market wages for a fair day's work should be the principle; and the principle should be carried out honestly and generously; but not merely giving them hope. Hope is a very good thing. As they say, hope makes a good breakfast, particularly for these class of employees; but it makes a very disappointing dinner. And it is the dinner that these people want and are crying aloud for. I shall not take up more of the time of the Council, but I do want that this appeal of Mr. Patel will be taken into serious consideration by the Government and a committee appointed, who may go into the whole question in a spirit of the greatest independence and impartiality and recommend a liberal increase to their pay which shall effectually allay all discontent."

The Hon'ble Pandit Madan Mohan Malaviya :— "Mr. Vice-President, I need not take up the time of the Council after what Sir Dinshaw Wacha has said. I entirely agree with him that the matter deserves to be considered fully and fairly, and I hope the Government will see their way either to accede to the request of the postal clerks in a reasonable spirit and give them what is their due fairly, or appoint a committee with instructions to report at an early date. The appointment of a committee carries with it a possibility of the matter being shelved for some time, and the cases of these clerks demand that the matter should be decided early. If therefore a committee is to be appointed, I hope it will have instructions to report at an early date; otherwise I hope the Government will see their way to accept the advice of Sir Dinshaw Wacha and of other members who have spoken and deal fairly with the clerks and satisfy a large body of public servants who have deserved well of the Government and of the public."

The Hon'ble Nawab Saiyed Nawab Ali Chaudhuri :— "Sir, I desire to associate myself with the Resolution, moved by my Hon'ble friend Mr. Khaparde. The Postal Department, Sir, is one of the most hard-working and efficient departments of the Government. It enjoys perhaps the least number of holidays. The uniform regularity and punctuality with which it performs its highly important functions, make us forget, Sir, what a volume of industry, patience, and conscientious regard for duties are requisitioned to keep up that high water-mark of efficiency, that the Postal Department stands for; and the credit, Sir, is due as much to the directing intelligence as to the rank and file of the Department. The pay of the officers of the Government are graded in proportion to their responsibilty and the amount of work they are required to perform. The high character, honesty and integrity that are demanded of the officers in charge of Post Offices, with their saving banks, their huge monetary transactions, entitle them to a far higher rate of pay than is actually given to them. Again their demand, just as it is, is modest too. They want to have the same privileges that their brother-officers in the Telegraph Department are enjoying as regards pay, promotion and other conditions of service. I hope the Government will see its way to accept the Resolution that aims at ameliorating the status and position of the Postal employees. I am glad to find that my Hon'ble friend, Mr. Clarke, had moved in advance of the demand and has already secured the sanction of the Secretary of State for an increase in the pay of the subordinates of his department; and I am sure the proposal of equalising the status of the two sister branches of his department will receive at his hands all the sympathetic consideration it deserves. The allotment asked for by Mr. Khaparde will, I hope, enable the

Mr. Clarke to redress some of the grievances of his subordinates. [illegible] these few words, Sir, I beg to support the Resolution."

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer:—"Sir, I shall say only one word. I strongly support the resolution. I fully associate myself with what has been said by the previous speakers on this subject, and hope that the Government will accept the resolution moved by my Hon'ble friend."

The Hon'ble Mr. Surendranath Banerjea:—"Sir, I desire to support the views which have been so forcibly put forward to the members of this Council, and I am sure the Government will respond to the appeal which has been made, and I think made with a unanimity which is not always observable among the non-official members of this Council.

"We see round this Council Chamber gathered together non-official members who represent different phases of political thought and political conviction, but in regard to this question there is absolute unanimity.

"I think, Sir, it will be regarded on all sides that the most efficient department of the Government is the Postal Department, over which my Hon'ble friend the Director-General presides. Its honesty is worthy of great admiration, and its capacity has been proved by long and hard work continued for generations together, and it must be admitted that the department is not properly paid. There is very great discontent among members of the department, and one of the reasons of this discontent has been referred to in the course of the discussions that have taken place to-day, namely, the difference in the scale of pay and in the time-scale rate between members of similar branches of the same service in the Telegraphic and Postal Services. And, Sir, it has appeared from the statement that was read out by my Hon'ble friend, Mr. Patel, that the standard of educational qualifications necessary for the postal department is even superior to that required for admission into the Telegraph Service. I quite admit that a training is required for the Telegraph Department and that technical knowledge is necessary, but inasmuch as there is this great difference prevailing among the subordinates of the Postal and Telegraph Departments, it seems to me that there should be an inquiry. I heard it said, and the Hon'ble the Finance Member told us the other day that the Secretary of State had sanctioned a certain grant for the improvement of the financial status of postal clerks—I think the sum he montioned was 25 or 26 lakhs of rupees. Whatever it may be, Mr. Khaparde puts it at 80 which should be granted. There is a considerable discrepancy between the two figures, whether it ought to be 26 or 80 lakhs makes no difference; it is quite clear that the department will not be satisfied until a thorough and exhaustive inquiry has been made. I would accept the 26 lakhs and make the best of it, but at the same time I would ask for an inquiry, because I think it is essential; and this discontent, this ferment, this excitement and agitation which is going on will not cease unless and until the whole question has been properly gone into and an equitable decision has been arrived at. My Hon'ble friend has referred to telegrams which have poured in upon us, he has referred to the disturbance of his midnight dreams, well we have all suffered from them and we have been deluged with telegrams. It is not artificial agitation and you must not put it down as such. Unless there is an element of feeling behind it, it would be no agitation at all. Hon'ble Members will admit that these clerks are among the most deserving class of public servants, they have done admirable service to the State, and I do think that the question ought to be squarely and boldly faced and dealt with, and that a committee of inquiry should be appointed; but in the meantime, inasmuch as the committee of inquiry may take some little time and before the results of the committee are out, I think some relief should be given to the members of this department

by allowing them an increase of pay which would be provided fo[redacted] 26 lakhs of rupees granted by the Secretary of State.

"I support the resolution of my Hon'ble friend and I would like to make an earnest appeal to Government to accede to that request. It is in the interests of Government that we make this appeal. We want to remove discontent, we want to avoid the possibility of strikes which will re-act upon the general community. If a large class of public servants are excited, if they agitate, the newspapers would be deluged with their complaints and with their petitions, and do you mean to say that they will not appeal to their countrymen at large? and you will spread a volume of discontent throughout the length and breadth of the land unless you conciliate them—a most deserving class of public servants—and I do most earnestly hope, Sir, that the Government will see its way to respond to the appeal which has been made by all sections of the non-official members of this Council."

The Hon'ble Rao Bahadur B. N. Sarma.—"Sir, I recognise the difficulties of the Government and the non-official members in dealing with problems of this character. We shall have to face them in larger numbers in the near future. In these days of economic and monetary confusion and strikes I can appreciate the Government's hesitating attitude in matters of this description, because if a clerk in the postal service is paid not Rs. 30 but 50, the clerk in the Revenue Department may also ask for 50 and the clerk in another department with similar qualifications would have to be paid 50, and you would have to raise salaries all round in order to be able to satisfy and put men doing similar duties on the same footing and on an equal basis, and that would lead to enormous expenditure. Well I can also understand the attitude of people towards those who have enormous rises in salary and pensions and who think that the low-paid clerks in the subordinate services should be given at least an adequate living wage. There is a difference between the two; those who are highly paid are after all few, it may be said and the total expenditure which would fall on the State would not amount to very much, whereas one rupee in the lower ranks would mean a lot to the treasury. Consequently, Hon'ble Members cannot expect the same attitude to be taken with regard to the revision of the salaries of the lower ranks in the departments of the Government as in the case of the higher ranks. I recognise, Sir, all these difficulties and differences, but there are two aspects of the question which we have to consider in regard to the revision of pay in the postal service. We find, in the first place, that the Telegraph Department has been granted an inquiry. The postal service men naturally say 'how are we inferior to the telegraph men in any manner, and telegraph service is only a sister branch.' The postal service men naturally ask if they are turning out less work than, and if their qualifications are in any way inferior to, the men in the telegraph service whether we slur over the matter or not, there is at the bottom of their hearts this feeling that because men of a particular tribe or nationality occupy largely places in the telegraph department the Government readily accede to their prayers, whereas the demands of the postal service men do not receive the same consideration. I am not saying that it is so, but there is some plausible ground for such suspicion, for such feeling, for such apprehension, and I think a wise Government would appoint a committee for the purpose of showing to the public at large, who after all are the persons who would be affected by reason of any arrangement which the Government may make in increasing the salaries of their subordinates what special reasons exist in the case of the Telegraph Department as against the Postal Department, and why it is that the same steps cannot be taken in the case of both the departments. I submit, Sir, the point does arise, namely, that when you undertake the revision of one branch of the same department by one method, you cannot reasonably object to a revision in another branch on similar lines. After all, some of the postal men do discharge telegraph work also and they naturally say 'yes, simply because I am recruited into the postal branch my claims are ignored'. It is but proper that Government

to make no distinction in salaries between one man and another, only an oversea allowance is going to be given to those who have not domiciled in India. Therefore, we must hereafter proceed upon some principle in order that these irritating questions may not constantly arise and create situations which are avoidable. I submit, Sir, that the best way of solving this problem would be to appoint a committee, face the public openly and inform them what the consequences would be if the revision asked for is granted. But I would ask the public as well as the Government that they must face the enormous expenditure because the rupee has considerably depreciated in value. But if the Government are going to say that an increase or revision of the present salaries would affect the expenditure and would be objected to by the enlarged Council, well the new Councils will have to tackle the question and meet the costs. But it seems to me that an inquiry cannot be shelved because equity and justice demand that the claims of postal clerks should be inquired into and considered by an open Commission."

The Hon'ble Sirdar Sundar Singh Majithia:—"Sir, in speaking of the case of postal clerks in the Punjab, I feel it my duty to join my friends and point out that in the Punjab the situation is the same as in the other Provinces, and whatever I say on this question has the entire support of my colleagues from the Punjab. I submit the case of the postal clerks in the Punjab also requires very careful consideration. Strikes seem to be the order of the day in the world. We cannot afford to have a strike of the postal employees because it will dislocate all business, not only Government business but of private firms as well. It seems to me that the case of the postal employees has been very ably put forward by the Hon'ble Mr. Patel, and that he has also made out a case for an inquiry into the matter, and I think Government will be wise in acceding to this request. The difference that exists in the scale of pay of the postal and the telegraph employees operates as a great hardship on the former, and it seems to me that it is very necessary to make their salaries equal in both cases. I am not making this suggestion on account of any fear of strikes, but of course we have to face the situation as it is, and I would advise the Government that this is a matter which requires to be very carefully gone into, and that they will be well advised to accept an inquiry as suggested by my Hon'ble friend."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—"Sir, I had brought this matter to the notice of Mr. Maxwell, the late Director of Posts and Telegraphs, and I have also been attempting to bring it up before the Hon'ble Mr. Clarke. In reply to my question the other day, I see from the answer that the Government are attempting to meet the grievances of these low-paid people half-way. What is, however, now urged is not that retrospective effect should be given in matter of the time-scale scheme, but in the matter of the increase of pay that has been sanctioned now, retrospective effect should be given from the day the scheme was sent up by the Director General of Posts and Telegraphs to the Government of India and to the Secretary of State. The pay of the clerks below Rs. 200 should also be increased. I have also to urge one other point, Sir, and that is, that the differences between one community and another that exist in the Postal and Telegraph Departments in the matter of status and pay should be done away with, and I would be glad if the Government should take the necessary action in this direction. I want that full justice should be shown to these poorly paid clerks. It is not the fear of any strike that need induce the Government to consider their grievances, but it is the justice of their case which should demand the necessity of remedying their grievances. I heartily support the proposition for the appointment of a commission of inquiry into this matter."

The Hon'ble Mr. G. R. Clarke:—"Sir, from many of the remarks that have been made in Council to-day it would almost appear as if Government have given no consideration and given no thought in the past to improving

the pay of the postal and telegraph staff. I can assure you, Sir, that ... ment of the pay and condition of these men is a matter which has al... before the Director General. We have had a regular annual grant of six lakhs of rupees which we have applied to improving the pay of the staff generally, and specially of the lower paid men. I think we must all agree that in the last year or two the rise in prices has defeated all calculations. We could not possibly foresee that the increase in prices would be quite out of proportion to the rise of pay that was given to the staff. The staff is composed of nearly a hundred thousand men, and to raise the pay of every man at the same time is almost an impossibility. In connection with the resolution of the Hon'ble Mr. Khaparde that there should be an extra grant of 25 lakhs of rupees next year, I should like to put before the Council exactly what has been done in the next year's budget for the improvement of the pay of postal officials.

"The revised estimate for 1919-20 is roughly Rs. 597 lakhs. The budget estimate for 1920-21, according to the latest figures, is about Rs. 700 lakhs, an increase of Rs. 103 lakhs. Now to give you some idea of the heads to which this increase will be applied, there are the usual 6 lakhs for the ordinary revision of the pay of the Posts and Telegraphs staff. There are about 18 lakhs recently sanctioned, for revising the pay of the postal clerical staff under Rs. 100. When that pay was revised, the intention was that the war allowances which were granted would be withdrawn, but when sanction was received, the Hon'ble Member of the Commerce Department and the Hon'ble Finance Member considered that as a further concession, and in view of the increased rise of prices, these war allowances of 10 and 5 per cent. should be allowed to remain, and they were allowed to remain at an extra cost of Rs. 9 lakhs. We have also in the budget Rs. 1,17,000 for increasing the pay of Superintendents; we have Rs. 1,31,000 for increasing the pay of Inspectors, Rs. 3,00,000 for special allowances in the Bombay Presidency and in the cities of Bombay and Karachi; Rs. 6,00,000 for increasing the pay of clerks whose pay is Rs. 100 and above; Rs. 30 lakhs for improving the pay of postal menials in India, and Rs. 10 lakhs for ordinary war allowances which cannot be absorbed by revisions of pay during the year. That is a total of 84 lakhs of rupees, of which practically the whole is going to be devoted to improving the pay of the postal staff, or has already been devoted to that purpose. I do not think, Sir, we can call that ungenerous. It is really a very large sum of money which is going to be devoted, or has been already devoted, to improving pay.

"Now a great deal has been said about the organisation of this Department. From what I have heard from Mr. Khaparde, he is talking about a Department which I have nothing to do with. The strange figures which he has given and the strange conditions of service which he has mentioned certainly do not obtain in the Postal Department. His chief argument seems to be that the Postal and Telegraph staff should be placed on an equality. I wonder if Hon'ble Members have ever studied this question. The origin of the difference in pay in the Posts and Telegraphs is really a matter of history. The Telegraph Department was a separate Department, a highly technical department, which dealt entirely with telegraph work. The Post Office was a much more local service. We had originally Postal establishments in the various provinces which were independent of each other and under the Local Governments. In 1854 they were amalgamated into one Post Office Department of India under a Director General. But the history of the Department has always had this effect that very great differences of pay exist in the different provinces, and it must be so. We cannot pretend to pay a postal clerk in the mofussil the same as we pay a postal clerk in a town like Bombay or Calcutta. The conditions are quite different, the work is different, the volume of work is different. You get a postal clerk in a small office, he has not two hours' work in the day, and you get a postal clerk in Calcutta or Bombay, his time is fully occupied with really important work. While these differences in the conditions of service exist, there must be differences in pay. The argument seems to be that postal clerks have always been and are very much under-paid. Now in

a service like the Post Office, we have to recruit locally; that is, in small towns and in the mofussil, and we get men and have always got men on what they are willing to come for. That has really been the basis of recruitment. We have been able to get recruits in Madras for Rs. 15. We get men in the United Provinces on Rs. 20 and Rs. 25. No one has forced these men into the Department; they have known what is before them. There is not one of these men whose pay and prospects have not been improved since they came into the Departments, and now they turn round and say that they are starving, that we are treating them badly, that they are being overworked. They came in of their own free will; nobody pressed them into the Post Office; they have seen what career is in front of them. And now they turn round and quarrel with the bread and butter that is being given to them. I consider their attitude most unreasonable. I admit that prices have risen, and we are considering this very question now. We only wish to treat this staff properly. I assure you Sir, nobody knows better than I do how important it is to have a contented staff, and nobody feels more for them, and I know we must give these people some improvement in pay, but I think a great deal too much has been made of the number of telegrams which Hon'ble Members are being deluged with from various parts of India.

"As regards the pay of the Post Office, I may say, Sir, that the Government have already sanctioned the appointment of a special officer to consider the establishment of a time-scale pay for all postal clerks. Now when we improved the pay of postal clerks under Rs. 100 at a cost of about Rs. 18 lakhs, we did so advisedly. The staff was a low-paid one and it was recognised that the pay ought to be improved, and that it was very important that men should be put into better grades of pay before they were transferred to a time-scale. By doing so they get a better start on the time-scale. Having promoted them to these better grades, we have put an officer on special duty to work out suitable time-scales for the whole of India. Now I think it would be well to tell the Council how we intend to settle these time-scales. We intend to select areas in which there will be definite time-scales laid down, suitable to each area. Inside those areas there will probably be places of exceptional expensiveness, take for instance Delhi in the Punjab circle, and some frontier stations like Peshawar, and places like Cawnpore in the United Provinces. In addition to the time-scales, which will be established for definite areas, we hope to give local allowances for such special places, for instance, cities like Delhi and Lucknow, to compensate men for the extra cost of living. In the Post Office it is impossible to appoint staffs solely to certain offices, men must be transferred. We get rushes of work in certain places and men have to be taken from office to office. Therefore, the best solution is to lay down fixed time-scales for certain areas, and in more expensive places to give a local allowance to compensate the staff for the extra cost of living. I do not know that we can possibly accede to a request to put the Postal staff on the same level of pay as the Telegraph staff. It is a very difficult question to raise. The Telegraph staff has a general scale and a local scale. I do not know whether any of the Hon'ble Members who have advocated that course know that great differences of pay must exist in the Postal staff all over India, and if you introduce the general and local scales of the Telegraph staff, which are universal for the whole of India and Burma, it is not going to cost Rs. 80 lakhs, it is going to cost crores of rupees. The cost of such a measure would be enormous and I do not think it would be justified. I do not think it would be justifiable to pay a number of men who do ordinary work in small offices the same pay as we give to highly skilled telegraphists in large towns. It is only right that labour should be paid according to its value. In this case the value of the labour would not be equal to what we should pay for it. It would be absurd to pay men a time-scale of Rs. 75 rising to Rs. 200 for dealing with a few letters in a country village; it would be ridiculous, and any committee that sat on the question would see that point at once. Now, Sir, as regards the grant of 25 lakhs asked for in the resolution, we have

already a sum of 84 lakhs in the budget for improving p[illegible]. Some of that has already been paid from the 1st of February. If [illegible] time-scale established for Postal clerks it will cost more money, but I am not prepared to say how much it will cost. Suppose you have a clerk on Rs. 50 and place him on a time-scale of Rs. 50 rising to Rs. 100, his average pay is increased to Rs. 70, that is an increase of Rs. 20, but it does not follow that he gets the whole increase at once; the immediate increase will be about Rs. 5. I think it is impossible to say what the cost of a time-scale will be when established next year, and I do not think that Government can bind itself to grant Rs. 25 lakhs or any other sum of money for the time-scale. I think that when the Hon'ble Member understands that a time-scale is now under consideration, that a special officer is being placed on duty to look into the matter and that whatever it will cost, will, undoubtedly, be sanctioned by Government he should be prepared to withdraw his Resolution. It is very difficult for us to estimate the cost; he himself admits that he does not know whether it is 80 lakhs or 25 lakhs. It is very difficult to say how this time-scale will work out and at what different stage each man will come on to it. So much for Mr. Khaparde's Resolution as regards the 25 lakhs.

"With respect to the appointment of a Committee, I have already said that we have put on a special officer to deal with the improvement of pay not only of the postal clerks but of the menial staff. However, as the opinion of the non-official Members of this Council seems to be in favour of a Committee to look into the matter, I may say on behalf of Government, that I am prepared to accept that. Let us have a Committee, let us have the non-official members and the staff represented and go into the matter thoroughly. It will take time; it will not be done as quickly as some people imagine. It is a very big question and the Committee may have to go all over India and take evidence. But, as the Members of this Council are so anxious about this matter, let us have this committee to go into the question of putting the pay of the postal clerks on a proper footing.

"I shall be very glad to accept the principle of this Resolution."

The Hon'ble Sir George Barnes:—"It is understood, Sir, that the Committee will be of the same character as the Committee already appointed for the telegraph service."

The Hon'ble Mr. V. J. Patel:—"What is that character?"

The Hon'ble Sir George Barnes:—"Not a Committee of this Council."

The Vice-President:—"The resolution asks for a Committee of officials and non-officials."

The Hon'ble Sir George Barnes:—"That it will be."

The Vice-President:—"I suggest that on this some of these resolutions might be withdrawn and possibly one of them might be accepted. Mr. Khaparde's second resolution is for the provision of 25 lakhs for the betterment of the pay and prospects of the clerical and telephone establishments of the Postal Department. That, I suggest, the Hon'ble Member might like to withdraw now. His first resolution asks for Rs. 25,000 to meet the expenses of a Committee of inquiry, and Mr. Patel's Resolution asks for Rs. 10,000 for the same purpose."

The Hon'ble Mr. V. J. Patel:—"I am always moderate."

[redacted]ice-President :—"I do not know whether Mr. Khaparde's [redacted]n in that form would be acceptable but, perhaps, as a Committee is to be appointed, he will withdraw it."

The Hon'ble Mr. V. J. Patel :—"Might I explain that there is a slight difference between Mr. Khaparde's resolution and mine. His resolution asks for the appointment of a Committee to inquire into the grievances of telephone clerks as well."

The Vice-President :—"I understand that Mr. Patel's is the cheaper inquiry. I can only ask the Hon'ble Mr. Khaparde whether he wishes to press either of his resolutions now."

The Hon'ble Mr. G. S. Khaparde :—"I am not willing to withdraw. Is it my turn to speak now ?"

The Vice-President :—"Yes, I must ask you to reply".

The Hon'ble Mr. G. S. Khaparde:—"Thank you, Sir. I am very glad that the inquiry portion of my resolution is going to be accepted; but the first portion is going to be put to the vote, I believe, and I am not willing to withdraw that Resolution for the reasons which I will give now. Taking the reasons given by the Hon'ble Mr. Clarke, some of them appear to me to be rather difficult to understand. One reason given was that the difference in the pay of the postal and telegraph department is due to historical causes. Now what those historical causes were I was very anxious to know, and the causes were that at one time these were different departments and they had since been amalgamated. I do not know whether that reason would satisfy anybody else, but it does not certainly satisfy me. There is also a difference due to the weakness of human nature, that we like a fast horse better than a slow horse and we prefer a horse to a bullock so far as travelling is concerned, and the telegraph people do their work very speedily, whereas these people do their work slowly. There may be that difference, but there is also a difference in the nature of the work, that is to say, the postman sends the identical article people offer to him from one place to another place, the telegraph man merely sends the message as it is and generally a brief one, and the telephone man speaks out the message that is spoken out to him. They are all carrying messages, but there is a difference, and the historical difference is merely that one department started earlier than the other. I humbly submit that does not account for the difference in pay.

"The next ground that was taken was rather surprising to me and not altogether bereft of amusement. It was said 'Fancy a man being employed on Rs. 200 at a small outlying place and being given increases,' and all that. But that does happen everywhere in this world. Even a senior Sessions Judge goes sometimes to districts where there is not so much work to do, so also in the case of a senior Collector. But you do not, therefore, reduce the pay of a Sessions Judge or a District Collector. Those are the conditions of service; they have to go where they are ordered to go, and a person near retirement is usually given an easy district and easy kind of work. But that does not make any difference.

"Another argument appeared to be, you must take them at the market rate. Labour is cheap in the mofussil and more expensive in the presidency-towns, therefore, you should have different scales of recruitment. That again is a difficult argument for me to understand. If the work is of the same kind and has to be done by the same class of persons, the places where they are recruited from makes no difference at all. The difference ought to be disposed of by giving a local allowance, and I quite agree that that is the right thing to do. I shall not take up the time of the Council in replying in detail to all the arguments put forward, but I am going to assign the reason. My reason was that, if this 25 lakhs—I heard it is 26 lakhs to-day, but whatever the figure

may be does not much matter—if it was already included in the Bu[redacted] my proposition stands untouched, because I say that the grant under [redacted] section should be increased by 25 lakhs, and that proposition, therefore, remains. The calculation of 25 lakhs was made by me roughly, but, however, that may be, it certainly ought to be given to these people as a solatium and the results of the inquiry may be awaited later. As it has been pointed out, the inquiry will be a laborious one, the Committee will have to travel from place to place, and it will take some time before they formulate their conclusions. Therefore, it is, I suppose, necessary to give them something like a solatium. What has been offered has been pronounced, as my friend the Hon'ble Mr. Patel read out, by these people to be unsatisfactory and disappointing. In order to keep them in heart, it is proper that we should give them something out of these 25 lakhs which I propose.

"Then it is said that these things necessarily happen and these are the ordinary laws. I quite agree that they may be; that a man should fall if the support is taken away is in keeping with the law of gravitation, but it is no consolation to the man who breaks his head; it may be the law of gravitation, but it is no consolation to the man; you want some medicine for it. Similarly, these historical causes or laws may operate adversely; but I still urge that these people should get these 25 lakhs which I have put down in my resolution. In the meantime they may be given an interim solatium, a sort of little bonus to depend upon until this inquiry is completed; and I hope this inquiry will put them on terms of equality with the telegraph branch of that department. I am rather glad that this propositon has received general support, on this side of the Council at any rate, and I hope that this inquiry will result in something good, I commend the resolution to the Council."

The Hon'ble Mr. V. J. Patel:—"Sir, my resolution as I stated in the beginning is an alternative to the resolution of my friend Mr. Khaparde and I understand my Hon'ble friend Mr. Clarke is going to accept it."

The Vice-President:—"I do not understand that the resolution has been accepted."

The Hon'ble Mr. V. J. Patel:—"I thought the recommendation for the appointment of a committee had been accepted by Mr. Clarke."

The Vice-President:—"The position is this. The resolution proposes to the Council that a specific sum should be allotted for a committee. As far as I understand, Government have said that they will have a committee, but they have not accepted any specific sum to be allotted for it."

The Hon'ble Sir George Barnes:—"May I say one word, Sir? I appeal to both Hon'ble Members to withdraw these resolutions. The Council has had a very clear statement from Mr. Clarke. Members have got the promise of Government that a committee shall be appointed. Does it matter to them what the exact sum put aside to meet the expenses of this committee is? The sum which was suggested—I think Mr. Patel suggested Rs. 10,000 and Mr. Khaparde suggested Rs. 25,000—may be an entirely wrong sum. All they want is the substance; they want the appointment of a committee and it really does not matter exactly what figure it costs. I would ask both Hon'ble Members to be satisfied with what has fallen from Mr. Clarke and from myself and withdraw all these three resolutions."

The Hon'ble Mr. V. J. Patel:—"Sir, my position is this: I am not quite clear what the functions of the proposed committee would be. Will the functions of the committee be to go into the main issue for which the postal clerks have been fighting, *viz.*, that they should be put on a footing of equality with the telegraphists? That is really the issue of issues in this case. If I am assured that the committee will have power to go into that question, *viz.*, whether the postal clerks could be put on a footing of equality with the telegraphists, I shall be satisfied."

...e-President:—"I should like to point out that the Hon'ble ...esolution is for the appointment of a committee to inquire into the ...es of the clerical establishments of the Postal Department. That I understand has been accepted by Mr. Clarke."

The Hon'ble Mr. G. R. Clarke:—"The principle of the resolution has been accepted."

The Hon'ble Mr. V. J. Patel:—"Am I to understand that the resolution has been accepted? If it has been accepted, I have nothing more to say."

The Vice-President:—"I have again to ask the Hon'ble Member if he desires to withdraw the resolution or to press it."

The Hon'ble Mr. V. J. Patel:—"If it is not accepted, I want to press it."

The Vice-President:—"Then I propose to put Mr. Patel's resolution* first.

The Resolution was put and the Council divided as follows:—

Ayes—11.	*Noes—35.*
The Hon'ble Mr. S. Sastri.	His Excellency the Commander-in-Chief.
The Hon'ble Mr. B. N. Sarma.	The Hon'ble Sir Claude Hill.
The Hon'ble Mir Asad Ali, Khan Bahadur.	The Hon'ble Sir George Lowndes.
The Hon'ble Sir Dinshaw Wacha.	The Hon'ble Sir George Barnes.
The Hon'ble Mr. V. J. Patel.	The Hon'ble Sir William Vincent.
The Hon'ble Mr. E. H. Jaffer.	The Hon'ble Mr. Shafi.
The Hon'ble Sir Umar Hayat Khan.	The Hon'ble Mr. W. M. Hailey.
The Hon'ble Sardar Sundar Singh.	The Hon'ble Sir Arthur Anderson.
The Hon'ble R. B. K. V. Reddi.	The Hon'ble Sir Thomas Holland.
The Hon'ble Mr. G. S. Khaparde.	The Hon'ble Mr. C. F de la Fosse.
The Hon'ble Mr. K. K. Chanda.	The Hon'ble Mr. E. M. Cook.
	The Hon'ble Mr. H. Sharp.
	The Hon'ble Mr. A. H. Ley.
	The Hon'ble Sir William Marris.
	The Hon'ble Mr. R. A. Mant.
	The Hon'ble Maj.-Genl. Sir Alfred Bingley.
	The Hon'ble Mr. E. Burdon.
	The Hon'ble Sir Sydney Crookshank.
	The Hon'ble Mr. H. R. C. Dobbs.
	The Hon'ble Sir John Wood.
	The Hon'ble Surg. Genl. W. R. Edwards.
	The Hon'ble R. B. L. M. Chatterji.
	The Hon'ble Mr. G. R. Clarke.
	The Hon'ble Mr. H. Moncrieff Smith.
	The Hon'ble Mr. A. P. Muddiman.
	The Hon'ble Mr. C. A. Barron.
	The Hon'ble Mr. N. E. Marjoribanks.
	The Hon'ble Mr. K. C. De.
	The Hon'ble Maharaja Sir M. C. Nandi.
	The Hon'ble Mr. L. F. Morshead.
	The Hon'ble Mr. C. A. Kincaid.
	The Hon'ble Mr. H. A. Casson.
	The Hon'ble Mr. A. E. Nelson.
	The Hon'ble Rai Sahib Seth Nath Mal.
	The Hon'ble Mr. B. C. Allen.

The Resolution was, therefore, rejected.

* "This Council recommends to the Governor General in Council that a provision of rupees ten thousand be made under appropriate head in the Budget in order to meet the expenses of a Committee of officials and non-officials to be appointed to inquire into the grievances of the clerical establishments of the Postal Department."

The Vice-President:—"I now propose to as[redacted] whether he desires either or both of his resolutions to be put."

The Hon'ble Mr. G. S. Khaparde:—"The first resolution, as it appears on the agenda as number 12, is about the inquiry, and the next resolution, number 13, is about the 25 lakhs of rupees, so on the understanding that the Government is going to appoint a committee to go into the whole question, I shall withdraw that resolution of mine."

Resolution No. 12 was, by leave of the Council, withdrawn.

The Vice-President:—"Does the Hon'ble Member wish the next resolution to be put?"

The Hon'ble Mr. G. S. Khaparde:—"I wish it to be put and a division taken."

The Resolution was put and rejected.

The Vice-President:—"I desire to state the course that we shall have to follow to-day. The Council must know that this is the last day we have allotted for the discussion of Budget resolutions. I propose that the Council should sit from a quarter to three until a quarter to five and then adjourn until six o'clock and then sit for another spell of two hours until 8 o'clock and after that adjourn again, if necessary, and then sit until we finish."

[At this stage the Council adjourned for lunch.]

RESOLUTION *RE* INCREASE OF EXPENDITURE ON SALT.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following resolution:—

'This Council recommends to the Governor General in Council that the expenditure on "Salt" be increased by one lakh of rupees for carrying out experiments with a view to manufacture refined salt which would compete favourably with the foreign commodity imported into India.'

This is a non-controversial resolution, Sir, and to the superficial observer it might appear as if there is nothing in it, but I will show the Council that a proper and satisfactory solution of the salt question would materially benefit the country in more ways than one. Firstly, in providing cheap and abundant salt to India without any large and violent fluctuations in prices and, secondly, in saving to the country upwards of two crores of rupees. The figure one lakh of rupees that I have suggested in my resolution is only put in provisionally. I ask the Council to accept the principle that we shall have to set about in the immediate future to devise plans by which we can improve our salt manufacture in such a way as to render ourselves independent of foreign stocks. I may state, Sir, that roughly one-third of the total consumption of salt in this country is imported stuff, and roughly one million seven hundred thousand tons may be said to be the total consumption. What variations in prices, what violent fluctuations were incidental to this dependence of ours on foreign imports was illustrated when there was a reduction for one or two years in the quantities of imported salt, and we had loud complaints almost everywhere that the price of salt had gone up considerably, although the Government duty continued to be the same and comparatively low, namely, Rs. 1-4-0. Hon'ble Members will see that in 1913 the total production in India of salt was 1,473,189 tons. it was nearly the same in the previous year. In 1914 it was 1 million 348

[redacted]hat is, there was a reduction of only a hundred thousand a year. [redacted]xt year it went up to 1,745,522 and ever since it has been about 1 [redacted]n 400,000. Except in one year there has not been much fluctuation, by way of reduction. The fluctuation has all been in the imported commodity; whereas the imports were 606,000 in 1913 they went down to 465 and 336, that is, a deficiency of about 2 to 3 hundred thousand tons of salt makes such a wonderful difference in prices. It is the same in food-stuffs, as in salt, and it will be the same in other things as well. We cannot judge of the increase of prices merely by the relative proportion of decrease in quantities in the case of food-stuffs and other necessary articles of consumption, and we find that phenomenon plainly illustrated here. Thus, curiously enough, although we paid about 84 lakhs when the commodity was 606 thousand or thereabouts, we had to pay for a much smaller commodity of 336 thousand in 1917, 2 crores 20 lakhs, and we had to pay in 1918, 2 crores 223 or 233 lakhs for 481,000 tons. Therefore, Hon'ble Members will see that for a smaller quantity of salt the import value—I take it they do not include the duty—but whatever it be, has risen from 84 or 87 lakhs to 233, in other words, for a smaller quantity we are paying 154 lakhs more. Therefore, I am perfectly justified in my assertion that if you can manage to replace the foreign commodity by locally manufactured product, there will be a considerable saving to the Indian consumer. That is a point that I hope I have made out.

"Then the question is, can you do it? Can you relieve yourselves from your dependence? Well, here I realise that inasmuch as salt is an article of diet, we cannot say that simply by putting a certain fairly equal commodity on the market we will immediately reduce the consumption of foreign salt. The tastes of the people will have to be consulted. You will have to gradually accustom the consumer to the indigenous product. I believe Bengal is the principal consumer of foreign stuff and we will have to consult their taste and a certain margin has to be allowed. But I am sure the swadeshi spirit of Bengal will come to our rescue and encourage the production or rather the consumption of locally manufactured salt. Here, Sir, may I say a word? There is no question here of Bombay salt or Madras salt or Bengal salt or North India salt. Salt is an all-India subject. Salt revenue goes to the whole of India, and consequently nobody in particular is interested in the salt revenue, and therefore you cannot say that Madras would gain or Bombay would gain as against Bengal or any other part of the country if the manufacture of salt is encouraged. Therefore, when I talk of Madras salt, I mean Indian salt, and I hope that Hon'ble Members will look at it from that point of view.

"Now with regard to this question the Government of Madras seem to have been paying some attention, but unfortunately they do not appear to have arrived at any satisfactory solution owing to two or three causes as the Board puts it on page 5 of its report to the Government. One of them is the question of freight with which this resolution has not much to do, except remotely. The report says:—

'As regards the third point, that of freight, it still remains doubtful if Madras salt can compete with foreign salt in Bengal, unless a special low railway freight is obtained, or an import duty is imposed on foreign salt. Thus the freight by sea from Liverpool, Spain, Port Said and Aden varies from Rs. 5 to 20 per ton, and is said to be usually under Rs. 10. Salt is even said to come sometimes as ballast for nothing. These rates may be compared with the following rates:—

Madras to Calcutta by rail, per ton Rs. 14-12-0.

Madras to Calcutta by sea Rs. 8 to Rs. 14.

And from Tuticorin, one of the ports in the Madras Presidency, to Calcutta by rail Rs. 25-8-4 per ton. From Tuticorin to Calcutta by sea Rs. 33-5-4 per ton; Tuticorin to Rangoon by sea, Rs. 33-5-4.'

"Hon'ble Members therefore will see that the Council and the Government will have to take steps to rectify this difference as far as may be. But the subject-matter of the present resolution does not comprise that, and I will

leave it there. With reference to the second point with regard t[redacted] methods of manufacture, they state:—

'With regard to crushing, the Port Said and Aden crushed salt, which is so pop[redacted] Bengal, is no better than could be turned out here; and the Board has taken steps to get into communication with Swiss and American manufacturers of mills designed to crush solar salt. As reported in paragraph 18 of the Administration Report last year, packet salt was manufactured departmentally with excellent results, but on so small a scale as to be worthless commercially.'

And they go on citing experiments which would convince any one that we are on the high road to success if only we persevere, and I believe last year the Madras Government asked for the services of a foreign expert who would be able to assist Government in devising methods for manufacturing cheap salt on commercial lines so as to be able to compete with the imported stuff. So, Sir, the problem is not one outside the range of practical politics. All that we want is an outside expert with a complete methodical knowledge of the processes adopted elsewhere, and I will not spoil my cause, which is a very good and a very strong one, by saying that the Government might have done this a little earlier, and have not done so. There is no use crying over spilt milk. We shall have to see to it hereafter. The difficulties experienced during the last three years owing to foreign shipping not being able to bring the imports necessary into the country will, I daresay, rouse the Government and the public alike to improve the situation. I, therefore, think, Sir, that there is ample ground for hope, and that further experiments should be made and further money should be spent, till we achieve our object, and what I have asked for is a very small sum here, more for the purpose of getting my principle accepted, and, if necessary, a larger provision may be made. I will not quarrel if 20 lakhs of rupees are given instead of one lakh if that be necessary."

The Hon'ble Sir Dinshaw Wacha :—" Sir, this question of salt as now proposed by Mr. Sarma is a very good one. The more there is consumption of salt in India the better, because I think it will improve the physique and health of the vast masses of the people who are suffering partly on account of the inadequate supply of salt. Some years ago Government investigated this question when it was found that 12 pounds of salt per annum per family, that is man, wife and two children, was deemed sufficient. For a time this standard was well maintained. But population has been increasing and, I believe, the production of salt has not increased in proportion to the growth of population, even apart from the importation of foreign salt. Therefore, if I am in favour of the proposal of Mr. Sarma, it is more on account of the sanitary aspect of it than any other, that is to say, that the people should be supplied with a larger quantity of salt, namely, 12 pounds per annum so vitally required for their better health. I do believe that at the present moment they are having less than 12 pounds per family. If I am wrong in my belief, I should like to be corrected.

"Apart from the question of health, there is the other question. If we want to expand and develop our industries, salt is one of the basic industries which ought to be greatly stimulated. It would not require much capital or much enterprise to produce cheap and abundant salt. Mr. Sarma is right in saying that a few clever men coming from America or Spain or elsewhere would do what was necessary for the better manufacture of salt. As far as imported salt is concerned, I do not know if my Hon'ble friends are aware that part of this manufactured salt, which is generally known as table salt, is consumed by a larger number of the European population than that of the Indian. The salt so consumed should be deducted from our consideration. For years together this necessary of life used to come from Jeddah also. The salt that is imported from Italy is only of recent date. But there are places in India still, even in Bombay such as Bassein, and some others, where, with proper and economic encouragement, the enterprise can be put on a more scientific basis, a good deal of salt could be produced,

[redacted]enough to suffice for the population of Bombay. Of course, at present, prices have risen very high owing to two or three causes which we all know. It is of no use referring to them, but one of the causes is the heavy freight charges from Cheshire which is the country in England whence large quantities of salt are exported for India. I do not think the price of Jeddah and Aden salt has been so very high. But the resolution is quite proper: in the first place, for the better physical health of the masses of the population, who are getting less than the adequate quantity of salt needed. My friend, the Hon'ble Sir Claude Hill, might be able to explain this subject with greater lucidity, because he knows so much about it. Secondly, for the reason that a leading industry of this character, which is really so useful, should be greatly encouraged and directed in a proper and intelligent way. Therefore, I heartily support the resolution."

The Hon'ble Sir Thomas Holland:—"I think every one will agree, Sir, about the desirability of increasing the local supply of salt; and although I do not accept Mr. Sarma's figures as representing modern conditions, there is no doubt that, whether the imported salt is one-third, as he put it, of the production in India, or one-fifth, as it more nearly is now, it makes very little difference to the argument. We want to keep it out, whether it is 1-5th or 1-3rd, and we want to make our salt in this country. But when Mr. Sarma goes on to say that salt is an all-India question, he forgets the one practical issue arising from his Resolution. He wants to improve the technical processes for the manufacture and refinement of salt so as to compete with the imported foreign material. Now the only salt of importance we have to deal with, is the foreign salt imported into Bengal, where the people insist on having a clean white salt. Consequently, it is only the Calcutta market that really is affected. Salt from the Sambhar Lake in Rajputana can just compete with imported salt in Bihar and it has been doing so for some years. Recently, also, in consequence of the increase in the price of foreign salt and the improved methods of mining and handling at Khewra in the Punjab, rock-salt has been coming into the Patna market and competing with imported salt there. Now for any further trespass on the market, of which Calcutta is the centre, it is obvious that we must look to Madras sources of supply, and the question is thus one which would have been more suitably brought before the Madras Council. It is not an all-India subject as it has been stated to be. Salt is an all-India subject it is true, but the particular problem before us is, whether we can produce more salt on the Madras coast of the right kind to meet the demands of the Calcutta market. It thus becomes a Madras question. We could hardly undertake to force upon the Madras Government another lakh of rupees without knowing from them that the money could be economically spent on the experiments that Mr. Sarma suggests.

"It would be officious on our part to interfere with the Madras activities in this direction, unless we have a special request for further help. Mr. Marjoribanks is present, and I notice that he has not put in a plea on behalf of the Madras Government for any special grant other than that provided in the ordinary Budget for work in connection with salt. I could not discover from Mr. Sarma's speech that he had taken the precaution of finding out first whether this additional money could be spent in Madras, or whether the money was wanted for the research work that he wishes to have undertaken.

"I rather suspect that this Resolution is due to insufficient knowledge of the steps which the Government has already taken. Mr. Sarma has given us a brief account of what has been done. He stated that the Madras Government had, for instance, asked for an Italian expert. That was done last year, and, so far, the Secretary of State has not been successful in getting a suitable expert to come out. As Sir George Barnes told us in answer to a question put in this Council last month, a Deputy Commissioner of Salt in Madras is also going on leave to study the French system of salt refining. That is being done in case it is still impossible to get a French or Italian expert to

come out. Mr. Sarma will remember that, last March, in answer to a q[redacted] of his, I told him that an Assistant Commissioner had then been put on special duty and that research work had been undertaken by Drs. Sudborough and Watson at the Indian Institute of Science at Bangalore. Drs. Sudborough and Watson have, since then, been down to Tuticorin and laid down the lines of a model salt factory, which is now coming into operation as a means for experimenting on the improved methods of producing white salt. There was also held in September 1918 a Conference in Madras itself of the principal licensees, who discussed with Dr. Watson and the salt officers improved methods of manufacture; and it was at this Conference that it was decided to ask for an Italian or French expert to assist them.

"It is not however the technical difficulty connected with the manufacture of salt that worries us so much. As Mr. Reddi pointed out on Monday, in discussing the Financial Statement, Madras is provided with the sea—the same ocean that washes the shores of other countries—and is provided with a good climate for the manufacture of salt by solar evaporation. He also told us that no special expert was necessary; but I am not sure, if in this respect, it would be wise to accept Mr. Reddi as a guide in purely technical matters, as he also thought there would be no difficulty whatever in wiping out these unimportant frontier tribes and in turning merchant ships into dreadnoughts. At the same time, there is no doubt that the Madras Government proved their ability to manufacture refined salt suitable for the Calcutta market. There is no doubt that they can manufacture the salt; there is no doubt that they do manufacture the salt. The Madras salt worker has himself been undertaking research work for generations, and, as the result of his research work, he has been successful in turning out a product that is uniformly bad, though in this respect the Madras worker is sometimes beaten by the Bombay salt manufacturer. I use the word 'successful' advisedly and not sarcastically; for the Madras salt workers and dealers are business men who work, like other business men, for profit; and, as they pay duty by weight and sell by measure, it is important to make a ragged skeleton crystal that bulks large and weighs little. They have learnt enough of crystallography by their researches to discover that dirt favours the formation of those hopper-shaped, skeleton crystals that bulk so large and weigh so little.

"It is not so much a question of manufacture, as a question for the consumer. The line to take is to educate the consuming public. The consumer in Bengal has been educated by pure white Liverpool salt, and he will not touch ordinary Madras salt except at about half the price. The Madras Government have also attempted to improve the taste for refined salt. During the exhibition of December 1917 they sold something like five thousand one-pound packets of white salt at a very much less price than the imported article. Since then large quantities have been sold in continuation of the attempt to introduce a wider taste for this salt. Now, that salt contained over 97 per cent. of sodium chloride, and it was as good as the ordinary imported salt. As a result of the Conference that I referred to just now, when the licensees and the salt officers considered methods, some of them undertook to introduce these improved methods of manufacture into their factories, and we have now in operation the manufacture of pure white salt at places as far apart as Surla, Pundi, Krishnaputnam, Ennore, Manambadi and Tuticorin. As Mr. Sarma pointed out, the imported salt is also crushed or ground, and the Madras Government have been attempting to get grinding machinery in order to obtain the pure whiteness that is so attractive to the Calcutta buyer.

"The freight question that he referred to is a matter that need not be gone into now. I think there is no doubt that all salt sources south of the latitude of Madras itself will find it very difficult to compete at Calcutta with imported salt if they have to rely on the ordinary railway rates, but there is no possibility of getting those rates revised under present conditions. Further north, the salt sources of the Madras Presidency will have an opportunity, by reason

[redacted]llway lead, of entering the Calcutta market if they will only [redacted]make the right kind of salt that suits the Calcutta taste.

"Then, too, there are new companies that are being formed for operation on the border of the Madras and Orissa coasts. These companies are organised along modern lines, and I have not the slightest doubt that they will be able to produce local salt so as to compete successfully with the imported article. On the whole, the prospects in view are such that I should advise Mr. Sarma not to press this Resolution. We could not very well press additional money on the Madras Government without implying some dissatisfaction with the results that they have already obtained or the steps that they have already taken. I see no way of improving on the line of advance that they have already suggested. I see no reason for being dissatisfied with what the Madras Government have undertaken and what they have done, and I, therefore, think that it would be unwise to press a resolution of this kind through the Imperial Council when the matter is practically one for the Madras Government; and, so far as I can see, their work has been in every way satisfactory."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, as some reference has been made to Bengal in connection with this discussion, I feel it my duty to make an observation or two. My Hon'ble friend, Sir Thomas Holland, has observed that this is not an all-India question, that it is a Madras question and it does not concern Bengal at all. Well, it does concern Bengal, I think. Not very many years ago we had large salt works in the District of Midnapore, and I remember myself to have visited the dilapidated ruins of these works in the sub-division of Contai at Jhalamuti and Sajamuti. We had large salt works there, and then there were salt works in Hijli, in the same district. The people there were in the habit of manufacturing salt from remote times and their ancient aptitudes had not completely left them. In fact, if my memory does not fail me, about fifty years back, the manufacture of salt was quite known in Bengal. Furthermore, Sir, I remember to have read a discussion in the Bengal Legislative Council in which Hon'ble Members pressed for the revival of this industry in Bengal, and they called attention to the remnants of these salt works which were still left in the district to which I have referred. I think, therefore, I at any rate must come to the conclusion that it is not merely a Madras question, but that it also concerns the province from which I come.

"Then, Sir, reference was made by my Hon'ble friend to the taste of Bengal for white salt. Well, Sir, my memory carries me back to the days of the Swadeshi movement when we eschewed foreign salt. We vowed not to take any foreign salt; we made that vow in our mosques and in our temples, and many of those who took the vow have observed it. Therefore, Sir, under a strong Swadeshi impulse, which I hope will revive with the growth of responsible government, we may discard the very clean salt that we are in the habit of consuming in favour of a less clean salt. Things are changing rapidly in India; tastes will also change, and I have not the slightest doubt that the difficulty which my Hon'ble friend apprehends will be overcome in the course of time; thus looking at the matter from all points of view, I am forced to the conclusion that this is not a purely Madras question; it is also a Bengal question, and from the observations that fell from my Hon'ble friend, Sir Dinshaw Wacha, it appears that it is also a Bombay question. Well, if it is a Bombay question, a Madras question and a Bengal question, and it is also a question affecting Rajputana and the Central Provinces, am I not entitled to hold that it is a pan-Indian problem in which the whole of India is interested? I hope, Sir, my Hon'ble friend, Sir Thomas Holland, will look at the matter from this point of view and give us the help that we want for the revival of an ancient industry which, under his auspices, will flourish and do honour to his administration and be a source of benefit to the country."

The Hon'ble Mr. K. V. Reddi.—"May I submit one word, Sir? In the discussion on Monday last I entirely confined myself to the raw salt, if I

may say so, as distinguished from the refined salt. I did not w in the debate to-day because I thought that my friend, Mr. Sarm had reference more to this refined salt, which I have always thoug privilege of the upper classes, with whom generally, if you will allow me to say so, I do not concern myself much. On Monday I was putting it as an all-India question, and I thought that this country could produce salt enough not merely for its own uses but also for export purposes. The figures given by my Hon'ble friend, Mr. Sarma, have been questioned; but my figures are drawn from this latest report, (1919) on the Conditions and Prospects of British Trade in India, at the close of the war by His Majesty's Senior Trade Commissioner in India and Ceylon. These are the latest figures; they were intended to give some idea of the post-war trade conditions in this country. These figures disclose that Germany ceased to send us salt in 1915. During the two years previous to that, that is in 1913-14 and 1914-15, we find only Rs. 9,30,000 and 5,40,000, worth of salt imported from Germany, respectively. As for the salt imported from the United Kingdom, we have got here only 20 lakhs worth, then 14 lakhs, then 45 lakhs, then 47 lakhs, and then 16 lakhs from 1913-14, up to the year 1917-18, respectively. It will be seen that this salt is not worth very much taking into account the enormous amount consumed in this country. I thought my friend, Mr. Sarma, was a little inaccurate when he spoke about freights. A friend of mine, whom I accept as having been accurate, was telling me last night that the reason why foreign salt was so cheap in this country was that it was generally brought into this country by what are known as the return boats; that is, produce is sent from this country to England, and when the steamers return they come laden with this salt, taking very little or practically nothing by way of freight; and if we are to meet that in any way, it appears to me that the only way is by an acceptance of Mr. Sarma's resolution, by making an attempt at a beginning now. As the Hon'ble Sir Thomas Holland was telling us, of course it is more in the Madras Presidency that this will have to be done; and if either my friend, Mr. Sarma, or myself happen to be there next year, probably it will be our duty to bring it up there as suggested; more so if my friend happens to be there, perhaps in a more responsible place, and then he will see his way to do what he can. Meanwhile let me hope that a beginning will be made here."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, we are extremely obliged to the Hon'ble Sir Thomas Holland for adding to the information given by the Hon'ble Member in charge of the Salt Department, by reason of this department having newly come under his charge. We are obliged for the additional information that he has given, and I shall deal only with such of his remarks as bear on the resolution I have moved. The Hon'ble Member seems to think that the figures that I have quoted are not quite accurate and that the more recent figures give a different percentage. Of course, I have not the most recent information which the Government can command; at any moment they can get the figures for 1918-19 and for 1919-20 if they care to; we can only rely upon the blue-books that are supplied to the general public, and I do not think I have stated anything which is not justified by the returns published in the Statistics of British India, Volume I, Commercial Statistics; and in giving the figure one-third, I think I was more accurate than my Hon'ble friend, who thought that it was about one-fifth. Of course it all depends upon how you look at it. Now, 1913 is, I think, considered to be a normal year, and I think one would take the figures of 1913 because there were not so many fluctuations owing to deficiencies in the supply of foreign salt and failure here and so on which occurred in later years. The production of salt in 1913 was 1,473,000, the imports were 606,000, or a total of about 2 millions and odd, of which the imports, *viz.*, 606,000, would be nearer a third than a fifth. If we take the figures for 1917, the difference would be greater because that year there was an extremely low import quantity, 336,000; and this out of 1,800,000 would be between a fourth and a fifth.

[redacted]ve always thought that figures for particular years are not taken but only averages for about ten years, and if you judge from averages, you find I think one million seven hundred thousand to be the latest average figure available, and if you work out the average of imports you will find that the imports amount to 500,000 or about a third. But it is not a matter of very great importance what the proportion is except in so far as it would enable the public to gauge the expenditure and the extent of our dependence upon foreign supplies, and it is for that purpose that I have introduced this subject. Then, again, we must take some exception to the statement of the Hon'ble Sir Thomas Holland that this is more a Madras question than an all-India question. I thought that the Madras Government was only acting as an agent and a subordinate Agent to the Government of India in this matter. They have no direct interests except as instruments and agents of the Government of India, and they do not share any portion of the revenue, and, I think, therefore, that it is here that questions about salt revenue will have to be discussed. In future years they will be discussed in Indian Councils. Of course what can be done in the Local Councils by way of criticism and control of administration entrusted to provincial Governments will be done there. But the general policy will have to be dictated from here and the subject-matter of my resolution deals with the general policy as to whether the Government of India would take steps for the purpose of improving the process of manufacturing refined salt. I fear that I am driven to comment upon the very little that has been done in the past. By the attitude taken up by the Hon'ble Sir Thomas Holland the Government must have known for years and years of this enormous subordination of India to foreign countries for the salt supplies. What have they done up to now to help manufacturers in improving their processes and in securing expert advice? What have they done in the past to erect manufactories for refining salt so as to secure a chance in the Bengal market. Well, if the Government have not done anything in the past, I think I am perfectly right in inviting the attention of the Council to the fact that a little stimulus from the Government may not be harmful but would, on the other hand, expedite matters. If nothing has been done for so many years to remove the difficulties in the manufacture of refined salt, surely it is not out of place to suggest that the time has come for something to be done. Then, Sir, it has been suggested that the Madras Government is in charge of it. I have not complained that the Madras Government have not moved in recent years in the matter. What I have said is that an Italian expert has been asked for and, I think, the Council would have been considerably interested if Sir Thomas Holland had been able to inform the Council as to whether there is a chance of securing the services of an Italian expert or French expert for the Madras Government within the next year or so. That would have given me some satisfaction instead of telling me that some Commissioner is likely to be placed on special duty to learn the process. Is it so very difficult to find a single expert from Europe to help us here in understanding this problem?

"Then, again, what about the machinery referred to in the latest report available here for 1917-1918—and if the machinery used by Swiss and American manufacturers adapted to Indian conditions—were provided here, it would be of enormous benefit. Sir Thomas Holland might have told us in a few words that the machinery had been ordered for the Madras Government and that the Government of India had given their sanction. Then, again, with regard to the Italian expert we have tried for him; we cannot get him, it is a disappointing answer. I submit, Sir, that no very great satisfaction would be derived either by the Council or by the general public by criticism of this sort, that everything is being done that can be done, and that we must possess our souls in patience and I think I am perfectly right in moving this resolution."

The Hon'ble Sir Thomas Holland:—"I will reply very shortly, Sir. The questions have narrowed down to one or two which, I think, are

not very difficult to answer. The Hon'ble Mr. Surendrana[redacted] contested my statement that this was a Madras question. He said [redacted] Bengal question, a Rajputana question, and then he went further afield until he found it was an all-India question. But I pointed out that the immediate proposition before us is the grant of a lakh of rupees to make experiments with a view of improving the manufacture of salt that will compete favourably with the foreign commodity imported into India. I pointed out clearly that foreign salt was imported into Bengal because the ordinary Madras salt is so largely mixed with dirt; consequently the only technical question before us narrows down to whether refined salt can be made in Madras, which is the source nearest to the Bengal market. There is no necessity to introduce the question that salt consumption is important to people in every part of India. That is not before us at all; we all admit that. The question before us is the technical question of improving manufacture on the Madras east coast. Now the Local Government are responsible for the control of the Salt Department in Madras, and they are carrying out the experiments which I have described. It is not quite correct, as Mr. Sarma said, that nothing has been done in the past. I do not mind admitting that very little was done in the distant past, but a great deal has been done in the past two or three years. Mr. Sarma's collection of reports is apparently not quite up to date. The Report of the Madras Salt Department for 1918-19 has also been published My Hon'ble friend, Mr. Surendanath Banerjea, referred to the old salt industry in Bengal. Well of course we know the reasons why it died out. There were some very good technical reasons for that. You cannot expect salt that has to be made from relatively diluted sea water, under evaporation conditions where the atmosphere is fairly charged with humidity, to compete with a concentrated sea water further south, where we can count on long periods of evaporation and of undisturbed fine weather. There is no doubt that the conditions in the upper part of the Bay of Bengal are not suitable in competition with other sources of salt; and I hope my Hon'ble friend, in spite of his Swadeshi instincts, which are not stronger than mine, and I hope not more practical than mine, will help to encourage the consumption of salt in Bengal that contains 97 per cent. of sodium chloride and not 91 per cent. of sodium chloride and 9 per cent. of dirt.

"Now, Sir, with regard to figures there is just one point which is worth correcting. As Mr. Sarma pointed out, it does not matter whether it is one-third or one-fifth of our salt that is imported. What we want is to defeat all foreign salt under all circumstances. The actual figures for 1918-19 show a total salt consumption in India of 635 lakhs of maunds; of that, only 114 lakhs of maunds were imported. Sir George Barnes pointed out this morning that the production in India had risen from 360 lakhs of maunds in 1917-18 to 520 lakh of maunds in 1918-19; so that there has been an enormous increase in the production of salt in India, and the increase in prices has not been due entirely to shortage as Mr. Reddi seemed to imagine.

"Also I should like to record one word of objection to Mr. Sarma's reliance on five-year averages. I am glad to think that in the last five years, India has almost everywhere progressed; every year has been better than the year before, especially in the matter of mineral development.

"I have pointed out that the Madras Government has done and is doing a good deal of work and that they have applied for an expert. My Hon'ble friend Mr. Sarma wants to know whether the expert is coming this year or not. That I am unable to tell him; all I can tell him is that the Secretary of State has not been successful so far in obtaining an expert; and, in order to make up the deficiency an officer of the Madras Salt Department is taking the opportunity whilst on leave of examining the processes at work in France with a view to improve matters on his return to India."

The Resolution was put and rejected.

RESOLUTION *RE* INCREASE OF BUDGET GRANT FOR RAILWAY CONSTRUCTION.

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I beg to move the next resolution that stands in my name. It runs thus :—

' This Council recommends to the Governor General in Council that the budget grant on Construction Railways, on lines in progress and new lines, be increased by one crore, the same being deducted if necessary from expenditure on open lines.'

" Sir, I have great pleasure in fully endorsing the very appreciative remarks the Hon'ble Sir George Barnes made in referring to Sir Arthur Anderson who, to our deep regret, is going to leave us shortly, and I think the people of Southern India in particular have great cause for regret that he is so soon severing his connection with the Railway Board, because he has been in touch with the requirements of the people south of the Vindhyas and he would have been an asset to us in future when a larger railway programme is becoming possible.

" Now Hon'ble Members, some of them at any rate, may be surprised to find that I am advocating this year a larger expenditure of money upon Construction Railways, on lines in progress and on new lines. I have always held, Sir, that whenever we can borrow money to advantage we cannot be doing worse than by not doing it and not expending it in improving our railway system. Compared with the other civilized nations of the world, we are yet very much behind hand in the matter of the development of the railway system of our country. I therefore for one have always been convinced that the expansion of railways in India would be of considerable service to the country. Where I quarrelled last year with the Government and where I was misunderstood was when I asked for a reduction of the railway grant on the ground that, owing to disturbed markets and unsettled conditions, it was not wise to budget for such a very large increase during that particular year, and I have the melancholy satisfaction that the Government would not have lost anything if they had accepted my resolution last year because they have not been able to spend what they had budgetted for. They were able to spend only 15 crores out of 26. I think, therefore, my resolution struck the right note in respect of that particular point, namely, the unsettled conditions in Europe with regard to the supply of railway materials.

" Now the immediate point under discussion here is as to whether we should not budget for a larger sum on Construction of lines in progress and new lines. If there be a competition between railways and irrigation, certainly I would give the first preference to irrigation, and I think all those who have studied Indian conditions would certainly give preference to the irrigation programme instead of to railway programme, but we are not confronted with that question here. We have been told that we cannot during the coming year spend an additional crore of rupees on irrigation. Owing to a resolution passed yesterday in regard to India's contribution, I think the resources of the Government would be somewhat improved, and I think, therefore, there may not be the same difficulty now as there might have been otherwise in accepting my resolution with regard to the additional grant of one crore of rupees on the construction of open lines. Well, in addition to the general statement that we are considerably behind hand when compared with other countries in the development of our resources by the extension of our railway system, may I point out, Sir, that schemes are ready and have been sanctioned to the extent of 2,098 miles and can be provided for if only materials are forthcoming, and the one crore of rupees that I have asked for will not go a very long way towards meeting that programme which was sanctioned many years ago? And may I also point out, Sir, that on several lines that have been sanctioned as far back as 1906 or rather 14 years ago, much work has not been done up to the present moment? Lines which were sanctioned in 1904, 1906, 1908 or 1912 have not

yet been completely tackled, and I think that to ask for an expendit[redacted] crore of rupees is not too much. I refer only to the Jubbulpore-Gondia [redacted] an extension of only 8 miles, which was sanctioned in 1904. There may be causes, of which I am unaware, which may have put off that programme, but they are shown in this Book in Appendix III, page 11 as lines sanctioned. Then there was another line Raipur-Parpatipur line in which I am interested, and the Central Provinces is also equally interested, of 260 miles, which was sanctioned on the 26th January 1906, and only 37 miles of work was finished but was subsequently stopped. That was partly due to the harbour scheme not being sanctioned as there was no money forthcoming.

"But whatever it may be, I know that when the Railway Committee sat they thought the matter had been under investigaton for 20 years. Everybody felt that the amount necessary would have been sanctioned as far back as 1906, and you have only provided about 10 lakhs on the harbour, and only Rs. 50,000 or so on the railway, and I fear that unless something be done by way of starting the work in real earnest, there will not be much satisfaction. And I put it to you that you should begin that line for another reason also. In the Vizagapatam district the pressure of the population on the soil is greater than in any other part of the Presidency, and therefore there would be no difficulty about labour. We are now talking about colonization schemes, and whether we are to send our people to British Guiana and other places, while a vast extent of land is available nearer at home. You have nearly 10,000 square miles part of which has been once populous, but which has been devastated during the Pindhari wars, which would furnish food to millions of people if opened up. We do not look to the development of our own resources at home, we do not spend money on them, but think of sending our people outside on colonization schemes in which other people are interested. I therefore plead very strongly for something being done in the way of putting the working of this line on a satisfactory basis, and I think the Central Provinces are equally interested in that. I may state in this connection that we people living south of the Vindhyas do not seem to be considered by the Railway Board as within the territorial limits of India. I think we are a negligible quantity except when it comes to a question of taking large sums of money from our revenues. I am justified in making that remark because Hon'ble Members will find by turning to the statistics, that between 1907 and 1917 there has been an expansion in railway lines of 5,710 miles, but the Madras and Southern Maharatta, the South Indian, and some other lines can only boast of about 168 miles. 168 as against 5,710 surely is a figure which must suggest some painful thoughts to the Railway Board if they think about the matter.

"Last year, I went into the question of the rolling stock also and I found the same disparity. Sir Arthur Anderson has been good enough to set the matter right to a certain extent, though not very much, by providing additional sums in last year's budget. As to whether the goods vehicles intended for Southern India have arrived I cannot say. But the state of things in Southern India, the congestion on Southern India railways is deplorable. It is impossible for any one who has not seen the pressure to imagine the discomfort, the positive discomfort of the people of that Presidency owing to the insufficiency of railway wagons, and all our food troubles also may be traced to a considerable extent to the neglected condition of our railway resources. Well, I think, the answer that has been given by way of anticipation to my resolution was that there is no use in adding to the lines by increasing the number of open lines, when the vehicle supply is deficient. There is force in that argument, I quite see that, but the lines will not be open for some years, and may I also submit that if you carry that logically very far, the time may not come for many years together when you will be able to do anything for these open lines, and the little you can do will always be on Upper India lines because of the power of commercial interests, Calcutta commercial interests and Upper India commercial interests no Government can with comfort to itself very long deny; and I, therefore, fear that we who are less troublesome from that point of view are likely to be given the cold shoulder. I submit, therefore, that something has

the way of making a modification in that reasoning, especially ...tter of lines which have been so long overdue. I need not refer to ...nes which have been sanctioned so far back as 1912, and so on because I think the people of Upper India can very well fight for themselves in the matter of those lines. I hope that this modest resolution of mine asking for only one crore, and that when you have got 22 crores, will be accepted by the Government and give satisfaction to the people of Southern India."

The Hon'ble Sir George Barnes :—" Sir, we have got to cut our coat according to our cloth. We have got 22 crores allotted to us and we cannot go beyond that this year. Consequently my friend Mr. Sarma's resolution comes to this: 'let us take away money which has been allotted to open lines and let us devote it to building new lines.' Now I am as anxious as anybody can be to see more railways built in this country. India is crying out for railways in every possible direction. We want new railways; new railways will be the life-blood of India, but I should entirely demur to the policy which Mr. Sarma suggests. He says spend the money on new lines and do not spend the money on your existing lines. Now the position at the present day is this, that our existing lines cannot carry the traffic that they are asked to carry because of their condition. The rails want renewing, wagons want renewing, we want more wagons and we want better wagons. Supposing we spend all our available resources in building various feeder lines to these railways, what would be the result? The traffic which is at present very much congested, would become much worse. Our difficulties which are great at present would be infinitely greater. We should not be able to carry the coal for our industries, and altogether I think in a very short time the state of our railways would be reduced to chaos.

"Mr. Sarma mentioned some particular lines on which he wished money should be spent, and he said that he thought Madras had been very badly served in the past. I would like to tell him that in the small amount that we have been able to put aside—I think he would call it a small amount—for new construction, we are spending 10 lakhs on the Vizagapatam Harbour Railway, and we are spending 7 lakhs on the Raipur-Vizianagram Railway, which I think is part of the railway which he expressly referred to, and we are spending other smaller sums on capital account on railways in the Presidency of Madras. Now I would like to tell him what the total amount is. The total amount provided for lines in progress and new lines in the budget is 84·75 lakhs and 94·45 lakhs respectively. That does not include the cost of putting back the lines which were taken up in the course of the war. We had during the war to strip certain lines of rails in order to use those rails elsewhere. I think my friend Mr. Sarma would say that it is right to replace those rails and put the railways into running order before we undertake new ones. I can assure Mr. Sarma, Sir, that our interest is to build railways as quickly as we can, but he must really let us get our existing railways into order before we start new ones."

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, it is not without realising the difficulties of Government that I have tabled this Resolution. Hon'ble Members will see that, having regard to the exchange, the 21 crores that are now provided are, as has been already pointed out by the Hon'ble Sir Arthur Anderson, equivalent to 31 crores of old, so that we have provided for 5 crores more than the last year's budget grant. And if I ask for one crore out of that additional five crores, surely there is nothing unreasonable in that. I am not asking that last year's grant should be cut down in the slightest degree. Then, again, the experience of last year should warn us that it may not be possible to spend all this money and, consequently, having regard to that also, I think some concession may be made in the matter of the construction of new lines.

"But, Sir, there is one other important point on which I t[redacted] assist by advancing an argument which may appeal to the Hon'ble [redacted] and that is this. These new lines that I am talking about will not be ready, even if undertaken to-morrow, for another three or four years, and they therefore cannot add in any way to the difficulties in the way of giving additional traffic to the companies. Meanwhile, you will have sufficient time to add to your rolling-stock so as to bring the whole thing up to date. There is another point also. You have to take coal and other articles over long leads simply because you have not got shorter circuits. Some of the lines I have been mentioning will give the coal fields access to the sea ports. Consequently, there will not be so much congestion on railways, and the goods being taken by shorter route the same quantity can be taken with less vehicular accommodation. Therefore the construction of these new lines will not throw additional traffic on your hands for some years, will relieve the pressure upon goods wagons by reducing the lead and in any number of other ways will improve the situation.

"Then I am thankful, Sir, for the provision of 7 lakhs, but what I fear has occurred in the past may occur again. That is the reason why I am asking for a little more, and I am also thankful that the Guntur line, which was ruthlessly removed owing to the pressure of war, is going to be restored in the near future. I hope that the Government will be able, by way of adjustment, to provide this one crore of rupees in case they are not able to secure the wagons which they hope will be secured. I have brought the matter to the notice of the Council, and I hope the Government will be able to accept it in this particular form. If they cannot, I shall not take up the time of the Council by pressing it"

The Hon'ble Sir George Barnes:—"I am afraid we cannot accept the Hon'ble Member's Resolution, but I would like to assure the Hon'ble Mr. Sarma, and I hope that assurance will satisfy him, that we shall make every endeavour to spend the money on Railways in some shape or other. If we cannot get the material from abroad, we will try and spend it on labour in this country. I hope that will satisfy the Hon'ble Mr. Sarma and this Council."

The Vice-President:—"Do I understand the Hon'ble Member desires to withdraw his Resolution?"

The Hon'ble Rao Bahadur B. N. Sarma:—"Yes, Sir."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* APPOINTMENT OF COMMISSION TO INVESTIGATE TARIFF ARRANGEMENTS.

The Vice-President:—"Before the Hon'ble Member moves his Resolution, I must point out to him that he has already moved one Resolution which appears to me to be on the same question, and under the Rules a question once discussed in this Council cannot be discussed again for a year. I will give the Hon'ble Member an opportunity of showing me that his present Resolution is different from the one which he moved the other day."

The Hon'ble Mr. V. J. Patel:—"May I say a word, Sir. The other day I moved a resolution for the appointment of a Committee. It was then pointed out that there should be a Commission, with power to go round, collect evidence and make recommendations. Therefore, I have brought this Resolution for the appointment of such a Commission. The other Resolution was a Resolution for the appointment of a Committee of officials and non-officials of this Council."

[redacted]ce-President:—"Does the Hon'ble Member think it worth [redacted]g up the time of the Council with this. If there is any real [redacted]e between the two Resolutions I will leave it to him."

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the following Resolution:

'This Council recommends to the Governor General in Council that the grant under sub-head 'Special Commissions of Inquiry' of the head 'Miscellaneous' be increased by one lakh of rupees in order to meet the expenses of a commission to be appointed with power to visit important commercial centres, record evidence, and devise and recommend those tariff arrangements which seem to it best fitted to India's needs consistently with the recommendations of Lord Selborne's Committee.'

"Sir, this Council only a few days ago appointed a Committee to consider the question of Imperial Preference. I then moved for the appointment of a Committee to consider the question of fiscal autonomy and to devise and recommend suitable tariffs. It was pointed out then by my friend the Hon'ble Sir Fazulbhoy Currimbhoy that a Committee of this Council would be of no use for the purpose, and that there should be a Commission with power to go round the country, visit important centres, record evidence and recommend the necessary tariff arrangements.

"I appreciate the force of that contention, and, therefore, I take this opportunity of moving this as a Budget Resolution and ask Government to make a provision of one lakh of rupees, because, after all, if a Commission is to be appointed, you will have to undergo some expenditure. I hope the Commission will be appointed as I propose. The main reason I want this provision to be made is this. When you have appointed a Committee already for the purpose of considering the question of Imperial Preference and do not appoint one on the question of Tariffs, it is likely to create an impression in the public mind that you are avoiding the real question which ought to be solved first, and for which Lord Selborne's Committee has made recommendations in favour of India. Well, we all know that the public in India is against Imperial Preference and at this time, when you are given some measure of fiscal autonomy, instead of taking advantage of that, you are appointing a Committee to consider the question of Imperial Preference and you do not appoint either a Committee or a Commission for the purpose of considering the recommendations of Lord Selborne's Committee. I hope the Government will consider the Resolution in this light and relieve the public anxiety in the matter. The Resolution regarding Imperial Preference has been criticised in the public press, and it is necessary that you should really consider the whole question all at once. Statistics are ready and you can place them at once before the Commission; the Commission will go round and then the whole question of the tariff will be considered together and necessary recommendations will be made.

"I hope the Council will accept this Resolution."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"Sir, I am entirely in sympathy with the Hon'ble Mr. Patel's Resolution, but I think he has brought it a bit too soon again. A Committee of this Council has been appointed to inquire into the question of Imperial Preference with the amendment of the Hon'ble Mr. Crum as to the best means by which the tariff question can be inquired into. I think the Hon'ble Member ought to wait and see the report of that Committee and, if he is not then satisfied, it will be an opportune time for him to bring this Resolution."

The Hon'ble Mr. V. J. Patel:—"In September."

The Hon'ble Sir George Barnes:—"I hope the Hon'ble Mr. Patel will withdraw this Resolution. I cannot bind the Government to

any particular course at this stage, I can only tell him that an[illegible] said will be most carefully considered. But as to the provision of a[illegible] rupees, I have the authority of my friend the Finance Member for saying that, if a Commission is decided on by the Government, the provision of a lakh or any other sum will not be wanting."

The Hon'ble Mr. V. J. Patel:—"I am sorry, Sir, that Government cannot see its way to accept this resolution."

The Resolution was put and rejected.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

The Hon'ble Sir William Vincent:—"Sir, I beg to introduce the following heads of the Financial Statement for 1920-21 :—

Revenue.	*Expenditure.*
Registration.	Registration.
Jails.	General Administration.
Police.	Courts of Law.
Medical.	Jails.
	Police.
	Medical.

"Sir, when it falls to my duty to introduce the heads of the Financial Statement with which the Home Department is connected I always feel a little envious of other more fortunate departments, particularly of my Hon'ble friend, the Education Member. Increased expenditure on education or sanitation is welcomed by the Council. Further, sometimes, I do not say this in the case of the Education Department only, but in the case of other departments, too, Council will listen with at least somnolent content to long if lucid expositions of the work done by the department and commendations of the various officers connected with it; and at times we have an Hon'ble Member, like Mr. Khaparde, getting up and proposing an increase in the pay of subordinate officers in such a department as the post office. Sir, no such fortune falls to the lot of the Home Department. I can remember no occasion on which Mr. Khaparde has proposed an increase in the pay, say of the police. I can understand the reason for it. It is, I suppose, that he thinks that we look after the police so well that it is not necessary for him to do so. But it is a thankless job, the work of the Home Member in introducing the heads of his budget. As I have to do it, however, I may as well begin with this question of the police. I informed the Council last year what we had done to improve the prospects of the Imperial Police Service, and I understand that our efforts in that direction have not been free from criticism. It has been suggested in the case of this service, I think as well as in the case of other services, that we have increased the pay of the Imperial and higher branches of the services excessively without any regard to the lower branches. If Hon'ble Members have been reading their papers lately they will have seen something of the other side of the picture, how the increases in the pay of police officers have been attacked as inadequate to meet the requirements of the service I would hope the Council will have a little sympathy with the Home and Finance Members in such very difficult circumstances.

In any case it is not correct to say that we have not at the same time improved the pay of the provincial services, for we have issued instructions for the increase of pay of the provincial police service up to, say, Rs. 700, and we have also provided that service with increased chances of promotion to the senior service; and while I am mentioning this matter it may interest the Council to hear that twenty-five Indians are being appointed to the Imperial Service in 1919 and 1920. This is a matter, I think, in which the Council is somewhat interested.

"But the expenditure on the Indian Police and the Provincial Service is really a small matter compared with the expenditure on the lower grades, and I am anxious to correct any impression that while we have increased the pay of the higher grades we have not at the same time taken the same care to improve the prospects of those lower down. I gave some figures last year which illustrated this, and I do not propose to repeat them; but we have recently had schemes from many provinces, some sanctioned and some under consideration, for the improvement of the pay of the lower grades. This has been particularly the case as regards the Bombay District Police and the Bombay City Police. From my own province of Bihar, we have a scheme now costing five lakhs; and we have a large police re-organisation scheme affecting both the civil and military police from Burma, which we hope shortly to sanction, which will involve large expenditure. We have similar demands coming from the Punjab and from other provinces. I am sure too that as the Council, as my Hon'ble friend, Mr. Khaparde, if I may quote him, is so anxious to have a contented post office, he will be anxious equally to have a contented police force, for he and other members of the Council will realise the dangers of a discontented police force.

"Turning now to the question of jails, I am glad to inform the Council that the Jail Committee, which has been making inquiries both in the United Kindgom and in America, is now in India and will, I hope, complete its labours in a short time, and we trust that as a result of their recommendations we shall be able to effect considerable improvements in the administration of our jails.

"I will turn now to another matter to which reference was made by Mr. Sastri, namely, the increase in the pay of the various Imperial services, including, in particular, the Indian Civil Service. The actual increase in the pay of that service has, I think, been overestimated. If Hon'ble Members will refer to the Reforms Report of Mr. Montagu and Lord Chelmsford, they will see that the authors of that report say that the scales of pay should be fixed sufficiently high to attract the best persons available, and the authors say in another place that they seek to restore the services in India to the position which they occupied twenty years ago. Now, the actual increase in prices in the last few years has been over 50 per cent. The increase of pay in many colonial services since the outbreak of war has been considerably over 33 per cent. The increases which we propose in the pay of the provincial services is, I think, approximately 25 per cent.; and in the Civil Service, athough the pay was fixed many many years ago, at least 50 years ago, the increase is approximately 15 per cent. and even this is not granted to the higher paid posts of the service. I think, therefore, that Hon'ble Members will see that we have not really dealt recklessly with the public money in considering the claims upon it of this service. Indeed, the contrary accusation might well be brought. It was suggested by some critics again, I think, that we had been negligent of the provision for the ministerial and lower services of the country. But if Hon'ble Members will turn for one moment to page 71 of the Budget edition of the Gazette of India, in which the figures are given, they will see that the provision for increases in the pay of the subordinate services is no less than 125 lakhs, which is largely in excess of anything that is proposed for any other service. I only cite these figures, however, to show that in all the services the rise in prices has necessitated a

very considerable increase. In dealing with these cases we have attempted to exercise—I hope my Hon'ble friend the Finance Member will bear me out here—most careful economy compatible with attracting competent men to the various services concerned. There is only one other department to which I need refer, and that is a department on which I am sure no member of this Council will grudge an increase of salary, namely, the members of the Imperial Secretariat. I know of no body of men who have better earned this increase or have suffered more from the rise in prices of all necessary commodities of life."

RESOLUTION *RE* APPOINTMENT OF COMMITTEE OF OFFICIALS AND NON-OFFICIALS TO EXAMINE THE WORKING OF ALL REPRESSIVE ACTS AND REGULATIONS.

The Hon'ble Mr. V. J. Patel:—"Sir, I beg to move the following resolution which stands in my name and reads as follows:—

'This Council recommends to the Governor General in Council that a provision of Rs. 25,000 be made under appropriate head in the budget to meet the expenses of a committee of officials and non-officials to be appointed to examine the working of the Press Act, the Prevention of Seditious Meetings Act, and all other repressive Acts and Regulations and report whether all or any of them can consistently with public safety be wholly repealed or at any rate so amended as to ensure that no executive action should be taken under them without obtaining previous sanction from ordinary court of law in that behalf.'

"Sir, during this Session there were three resolutions on the Agenda, one in the name of my Hon'ble friend Mr. Chanda, another in the name of my Hon'ble friend Mr. Sinha who I am sorry to say is not here to-day and one in my own name, all the three related to the very subject-matter which is in issue in this resolution.

"Unfortunately only five or six days were allotted to the discussion of resolutions and therefore none of these could reach. I have therefore brought this resolution before the Council with a view to inviting public attention to the fact that the situation demands we should seriously and immediately consider the question of repealing certain Statutes and amending others. Some of the Statutes to which my resolution relates are Regulation III of 1818, Bengal Regulation II of 1819, Madras Regulation XV of 1827, Bombay Act XXXIV of 1815, Act III of 1858, Act XI of 1857, Act XIV of 1908, Act I of 1910, Act X of 1911, Act VIII of 1913, Act IV of 1915 and Act XI of 1919.

"I do not for a moment suggest that all the repressive Acts and Regulations should be struck out of the Statute-book at once. What I suggest is that a Committee should be appointed for the purpose of considering whether they or any of them could be wholly repealed or at any rate amended so as to ensure that in future no executive action can be taken under any of them without previous sanction of the ordinary court of Law. Well, Sir, the provision that I ask for is very small. I ask for only 25,000 rupees, not lakhs or crores as my Hon'ble friend Mr. Sarma would like, and I hope the Finance Department will not grudge me this small provision.

"My Hon'ble friend the Home Member referred to the dangers of a discontented police force in connection with another resolution. May I remind him of the dangers of a discontented public in connection with this resolution. We very well know the public feeling all over the country since the passage of the Rowlatt Bill. We also know the danger involved in allowing the Press Act to remain on the Statute-book. Both these Acts must go if the new era is to begin with mutual good-will and co-operation as desired by His Majesty.

is there really any justification whatever why in this year of 1920 the old Regulations of 1818 or 1827 should remain on the Statute-book? Times have changed and we are about to begin a new era. Everywhere there is a cry that we should all co-operate, officials and non-officials, but how can Government expect the people to co-operate when they distrust them and when there is always this sword of repressive Statutes hanging over them? Where is the justification for keeping up these Statutes on the Statute-book? Trust begets trust and if you do not trust people they cannot trust you. I hope my Hon'ble friend the Home Member will consider the question in this light. Even the President of the All-India Moderate Conference suggested the other day that certain legislative measures must be radically amended, making particular reference to the Press Act. We know that the suggestion has found no support whatever in the country. The opinion in the country, Sir, is unanimous that the Act must go root and branch. I do not wish to take up the time of the Council any more, and I trust that the Hon'ble the Home Member in this new era will favour the people of India with this small concession."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, as my Hon'ble friend Mr. Patel told the Council, a similar resolution stood in my name but for want of time it was not discussed. As the grounds on which I intended to move my resolution are very similar to those which my Hon'ble friend has placed before the Council, I do not think I shall be justified in repeating them. I just want to say only a few words about the Regulation III of 1818.

"Sir, it is well known that at that time British power in India was not firmly established, there were wars going on every now and again, and therefore it was very necessary that the Government should have armed themselves with this extraordinary power, and this measure was therefore for use in those times of danger. It was well known and it can be found by inquiry that at that time this Regulation was aimed more at some Europeans whose presence in the country was considered undesirable, and as a matter of fact that Regulation was used against a number of Europeans. Times have changed, Sir, and those days have gone, and I should think that in these altered days it is high time to consider whether this Regulation should remain on the Statute-book, at least in the form in which it is now. With these few words, Sir, I support the Resolution which has been moved by my Hon'ble friend Mr. Patel."

The Hon'ble Sir William Vincent:—"Sir, the reason why the resolutions on this question were crowded out previously, was that we had very little time available for resolutions this year. His Excellency warned the members of this Council that the time for resolutions was limited to five or six days and we received notice of no less than fifty-one Resolutions for discussion, twenty-one of which were actually discussed, six of these notices came from the Hon'ble mover himself. I am not quite sure if I am accurate, I speak subject to correction. Thirteen of those resolutions proposed what I may call the new panacea for every real or imagined evil, the appointment of a committee. I think the Council will realize that if these proposals had been accepted, the Government of India would really have been lost in various committees working in different directions, and there would be no time even to digest the various reports that would have come in.

"I now turn to the merits of the discussion. The resolution as it appeared to me was very vaguely worded. A committee is to be appointed to inquire into the working of all repressive legislation. This term would, strictly speaking, include, I imagine, all penal and even prison laws. The Penal Code is certainly repressive to criminals, and I imagine that most laws in some degree impose restrictions on the liberty of the subject, but I do not want to make out that I was at a loss to know what the mover intended, because the Hon'ble Mr. Sinha had given notice of a similar resolution, and I gathered that the

mover had in his mind the laws specifically mentioned by Mr. Sinha. Many these Acts have not been used for years, one at least has never been brought into operation and some will cease to be operative in a few months, and I suggest to this Council that there is little need for appointing a committee to inquire into the working of a number of Acts and Regulations in such circumstances. As to Regulation III of 1818, the whole position was explained to the Council the other day by the Hon'ble Mr. McPherson ; the policy of Government in the past, the extent to which we have released men and the line which it is proposed to take in the future, were fully explained. It is our desire to give effect, as far as possible, to the King's Proclamation by not employing the provisions of these restrictive measures against any person unless this course is forced on us by necessity. In Bombay and Madras, no persons are now detained at all under the analogous Regulations. Similarly, the number of persons under restrictions imposed under the Defence of India Act is negligible, and the Act will cease to be in operation in a few months. Further, I believe I am right in saying that no restrictions at all are now imposed under the Ingress into India Ordinance. Other Acts to which the Hon'ble Member referred, Act III of 1858, for instance, are really merely subsidiary enactments to Regulation III of 1818.

"There is, however, one very important law, namely, the Press Act to which he drew special attention. I told the Council the other day, I think, that we were prepared to examine certain amendments which have been suggested in that Act by Sir Sivaswamy Iyer and, I think, I am not betraying any confidence if I say that I was approached the other day on the subject of receiving a deputation from the Press on the subject of this enactment, and expressed my willingness to receive the deputation and discuss their difficulties with them. It will be seen, therefore, that the Government of India are not in any way averse from examining this question. I must point out, however, that our difficulties are materially increased by the manner in which certain organs of the Press are used at present. I do not want to wound the feelings of any members of this Council by a discussion of the subject of the various reported speeches, or by citing particular articles, but I believe that to many, I hope indeed all, Hon'ble Members these recent open incitements to disloyalty must have been a matter of great dissatisfaction and concern. I have in my hand the sort of article to which I have referred that increases our difficulties in relation to the Press Act. Another reason why I oppose the resolution, why I ask the Hon'ble Member not to press it, and why I will ask the members of this Council not to support it, is that I cannot but think that it will involve a great revival of bitterness and ill-feeling in the country. I have never seen an inquiry into matters of this kind on which there is a good deal of feeling which did not provoke great bitterness. I want members of this Council, if they give the Government the credit for what it has done in the way of taking steps to allay ill-feeling and for what it has done to give effect to the King's Proclamation, to assist us in our efforts. The Hon'ble Mr. Patel says that trust begets trust. Sir, can it honestly be said by any member of this Council that the conduct of some of the men to whom we have extended the King's clemency has answered this test, or that it has done any good, or that we have been treated fairly or generously by them ? I am willing to leave it to members themselves of this Council in their heart of hearts to say whether it can possibly be said that all of those who are released have treated us in the spirit in which we have treated them. Sir, as I am speaking of His Majesty's proclamation may I repeat that an inquiry of the kind proposed, which would do nothiug but evoke unrest, agitation and ill-feeling, would not be in accordance at all with the spirit of that announcement. It may be said that the inquiry would not be in any way opposed to the proclamation, but my point is that any action which would provoke any ill-feeling would not only be dangerous and unwise, but contrary to the wish expressed in the proclamation. I ask the Council to remember also the difficulties and the pre-occupations of the Government at the present moment. Do they not think honestly that the Government have enough on their hands

[redacted]ding to their labours by a committee of the kind proposed? I want [redacted] of the Council to realise that we are, in my judgment, in a difficult [redacted]ritical stage in the life of the country. An attempt is being made to evolve peacefully and gradually a new form of government. The process is the more difficult, because if facts are to be stated plainly, India has been for many years and is under foreign rule. The difficulty of the work is further enhanced by the fact that the change is being made when the whole world is suffering from a spirit of unrest; when the feelings of our Muhammadan fellow-subjects are much exercised over the Turkish Peace terms, and by the spirit of anarchy prevalent in Central Asia. I say that it would need little at present to cause these factors in the country to become a serious danger to the welfare of India, and I ask Hon'ble Members here not to add to the difficulties of Government by proposing a committee of this kind at this juncture.

"If the Government of India can secure, if Local Governments can secure the co-operation of the members of this Council in dissociating themselves from those who are guilty of revolutionary and anarchical crimes, in discouraging and denouncing disloyalty, then I hope we shall not find it necessary to use these Acts to which reference has been made. That is the spirit in which I ask the co-operation of this Council. It has been said that members of the Government think that co-operation is one-sided, that Government expects the co-operation of non-officials, but is not willing to do anything in return. I put it to this Council that the Government has gone far to meet them in this matter of clemency, in meeting their requests in various ways. They have gone, as far as possible, to give genuine effect to His Majesty's request to all his subjects to do what is possible to allay bitter feeling in this country. I have explained the dangers of the situation, and as I have touched on this subject, I should like to conclude my remarks by appealing to all members to give us their whole-hearted and real support in securing tranquillity at a time of anxiety when such co-operation will be of the greatest value."

The Hon'ble Mr. V. J. Patel:—"Sir, I had little thought when I gave notice of this resolution that it would upset my Hon'ble friend the Hon'ble the Home Member in the way in which it has done. I thought the resolution was really innocent. I wanted really to give an opportunity to Government to show real proof of their intentions to co-operate with the people of India. As a matter of fact, what do I ask? I ask for a committee. How could those consequences which my Hon'ble friend the Home Member described result from the appointment of a committee to consider the question? I do not ask for the repeal of the Statutes all at once, I merely say appoint a committee! I understand from the Hon'ble Member that the Government themselves are considering the matter in the light of the proclamation and trying to do all that they can. And all I say is, 'please take us also into your confidence.' My Hon'ble friend the Home Member says he does not believe that trust begets trust. He says well Government used their clemency and released so many people. They did so no doubt in pursuance of the Royal command. But he said that the result was that some people misused the confidence. I wish he had quoted instances instead of merely making that general statement. The other day my Hon'ble friend Mr. McPherson said that certain individuals used objectionable language in their speeches very soon after they were released. He was not in a position to quote what particular speeches he was referring to, and I at once challenged his statement. It is no use making such general statements in a matter of this kind. I am surprised my Hon'ble friend challenges the very doctrine which has always been accepted that trust begets trust. The whole government is based on the trust and confidence of the people. If you do not trust them there is an end to all good government. He referred to certain Acts but he forgot to mention the Criminal Law Amendment Act, which he himself said only last year in this very Council hall that from experience Government had found that that Act had become ineffective. He said the experience of the working of the Act in Bengal had proved that the

Act had become ineffective. If so, what is the justification for keep[redacted] the Statute-book? I really cannot see why all this long speech was [redacted] in reply to this small resolution of mine.

"I think the acceptance of this Resolution will help to create good feeling between the people and the Government. The apprehension of my Hon'ble friend is entirely unfounded. If you allow things to remain as they are, I am afraid the feelings will be more bitter. Only the other day, Sir, you know in Bombay, under the presidency of my friend Sir Narayan Chandarvarkar, there was a huge public meeting protesting against the Press Act and asking Government to repeal it at once. These things will go on. How can you prevent it unless you give some proof that Government really intend to do something and propose to take the people into their confidence? The bitterness will grow as time goes on. I want Government to try and soothe the people, and the only way to do it is to appoint a Committee to consider and examine one by one all these regulations and see which of them could be repealed, and which could be so amended as to insure that no action under them could be taken without some judicial order.

"Now it has been said that the non-official Members must realise the pre-occupations of the Government. They have got so many other things on hand, and it is not right that they should burden their hands with this business also. Well, Sir, I see nothing more important than the consideration of a question which would at this period of our history, tend to bring closer and closer the Government officials and the people, and promote mutual good-will and co-operation. That is the object of my proposal, and I do not know why my Hon'ble friend is so much troubled about it. Public feeling, Sir, is very very strong against certain Acts on the Statute-book, and I think—I do not know whether it is parliamentary to say so—but I think we are living in a fools' paradise if we believe that all agitation will cease by the mere expression of lip sympathy or by mere talk about co-operation or anything of that kind. What is wanted is a radical cure. Remove those Statutes against which people have been protesting all these days. Why do you not take the straight and open course that lies before you? And what is the use of saying we are ready to co-operate, Government has done this, Government has done that? Why do you not do the very thing I propose should be done in order to bring the people into closer touch with the Government and promote mutual good feeling between them? I trust my Hon'ble friend will still re-consider the position of Government and accept this resolution and give real proof of the good intentions of Government in this matter."

The Hon'ble Sir William Vincent:—"I only want to say a word or two in reply on this argument that trust begets trust. It was with the object of inviting the confidence of the people that we acted as we did in giving effect to the gracious words of the King's Proclamation. Indeed in some cases as I daresay Members of this Council are aware, we have been accused of going too far. In any case I put it to Council that it cannot be denied that we have taken great risks in our reliance on the very principle on which the Hon'ble Member lays such stress. We have released various persons in the hope and belief that the exercise of this clemency would influence them, and would induce them to refrain from seditious or treasonable conduct, and what has been the response? The Hon'ble Member has accused me of making general charges and criticised me for not revealing the particular statements to which I referred. I guarantee that if he is ignorant of the particular speeches and articles to which I have referred, he is almost the only man in this Council that is in that position. The papers are here in my hand, he who runs may read them. My only object in not citing *verbatim* from them was not to cause any bitterness in this Council by naming individuals. If the Hon'ble Member wishes to have proof of my statement I shall be only too glad to give it to him and to show him these papers immediately after this Council."

's motion was put and the Council divided as follows:—

Ayes—8.

The Hon'ble Mr. S. Sastri.
" " " R. Ayyangar.
" " Mir Asad Ali, Khan Bahadur.
" " Mr. V. J. Patel.
" " " E. H. Jaffer.
" " Chaudhuri Mohamed Ismail Khan.
" " Mr. G. S. Khaparde.
" " " K. K. Chanda.

Noes—40.

His Excellency the Commander-in-Chief.
The Hon'ble Sir Claude Hill.
" " " George Lowndes.
" " " George Barnes.
" " " William Vincent.
" " Mr. Shafi.
" " " W. M. Hailey.
" " Sir Arthur Anderson.
" " " Thomas Holland.
" " " Gangadhar Chitnavis.
" " Mr. C. F. dela Fosse.
" " " E. M. Cook.
" " " H. Sharp.
" " " H. McPherson.
" " " A. H. Ley.
" " Sir William Marris.
" " Mr. R. A. Mant.
" " Major-General Sir Alfred Bingley.
" " Mr. E. Burdon.
" " Sir Sydney Crookshank.
" " Mr. H. R. C. Dobbs.
" " Sir John Wood.
" " Major-General W. R. Edwards.
" " Mr. G. R. Clarke.
" " " H. Moncrieff Smith.
" " " A. P. Muddiman.
" " " C. A. Barron.
" " " N. E. Marjoribanks.
" " " N. F. Paton.
" " " K. C. De.
" " Maharaja Sir M. C. Nandi.
" " Raja Sir Rampal Singh.
" " Mr. L. F. Morshead.
" " " C. A. Kincaid.
" " " P. J. G. Pipon.
" " Sir Umar Hayat Khan.
" " Mr. H. A. Casson.
" " " A. E. Nelson.
" " " B. C. Allen.
" " Maung Bah Too.

The Resolution was therefore rejected.

RESOLUTION *RE* REDUCTION OF SECRETARIAT CHARGES.

The Hon'ble Mr. Kamini Kumar Chanda:—" Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the allotment under head '18—General Administration, sub-head 1, Cost of the Central Government (iv) charges of the Secretariats' be reduced by two lakhs of rupees and the estimated surplus be increased.'

" Sir, this is a very small matter and I will not take more than a minute. I shall simply call the attention of the Council to the composition of the Secretariat. I think it is well known that, in view of the delay that takes place in the Secretariat, it was suggested in the Joint Report on Constitutional Reforms that the matter should be examined, if necessary, by experts from England and it was stated in the Report that His Excellency

the Viceroy had informed his colleagues that after the war there would [redacted] investigation of this kind. We read in the papers last autumn that a Com[redacted] had been appointed under the presidency of Sir Llewelyn Smith of the British Board of Trade. Now the composition of that Committee was rather peculiar. It consisted only of English officials, excepting that there was one European non-official, Mr. Gall, a Calcutta merchant, who was connected with the Employment and Labour Bureau; the Indian element, official and non-official, was entirely absent. I do not know, Sir, if it is considered undesirable that the piercing Indian eye should have a look at the dark recesses of the Secretariat. Well, Sir, I think that it will be conceded that if perhaps some outside light in the shape of the non-official Indian view point was considered, it might have been useful. The Secretariat is an important feature of the Government, and it is unfortunate that it was not considered necessary to have an Indian element in the Committee. The Committee has reported to the Government of India. We do not know what the recommendations are. The reference to the Committee was very wide and included even the portfolios of Members of the Executive Council. In view of this, Sir, I contend that it is a matter for grievance to the Indians that the Government of India should have excluded Indians from this Committee.

"In the next place, we find that the cost of the Secretariat has gone up by leaps and bounds for the last five years. In 1916-17 it was Rs. 38,96,000; in the next year it was Rs. 46,00,000; and in the last year it was Rs. 47 lakhs; and in the budget we have provided for Rs. 49,56,000. Sir, it was believed that in view of the recommendations of the Hobhouse Commission on Decentralisation for the devolution of authority and decentralisation, the work of the Secretariat and the cost of the Secretariat would be reduced; but far from there being a sign of that we find it to be otherwise. It is a matter for serious consideration, Sir. With the coming reforms there is bound to be some decentralisation; but if you maintain a huge secretariat, as a centre of the bureaucracy, it will be a real menace to responsible government. It will be bound for its very existence to create work, and to unnecessarily interfere with the Provincial Governments. That is a matter, Sir, which this Council ought to look into and, if possible, prevent. With these words I press this resolution for the acceptance of Council."

The Hon'ble Sir William Vincent:—"Sir, when I first saw this resolution it gave me and my officers a great deal of thought. We saw that the secretariat grant was to be reduced by a very considerable sum of money, two lakhs of rupees; and our minds were exercised to know what the Hon'ble Member was after; was it the Simla exodus, or was it New Delhi, or what was it that the Hon'ble Member had in his mind? Now it turns out that his sole reason for wishing to reduce the secretariat grant is that he is dissatisfied with the Government of India for something which they did last year. It is said that we had a committee to inquire into the Secretariat procedure and put no non-official Indian on it and that the Hon'ble Member has brought this resolution as an indication of his dissatisfaction. Well, all I can say in regard to that committee is, that we regarded it as a purely domestic and technical matter in which we needed the opinion of experts. The suggestion to appoint the committee was made, I think, originally by the Secretary of State and he supplied an expert from Home. There was certainly no intention whatever of casting any slur on the members of this Council, nor did we think that any non-official members took that intimate interest in our domestic concerns, or if I may say so without any disrespect, that they had that expert knowledge—of course, Mr. Chanda may be an exception—which would enable them to deal with a very intricate administrative subject of this kind. I hope that the Council will not vote the decrease in the secretariat budget for next year because of him.

"The other point to which the Hon'ble Member referred, was the increase in expenditure which, he says, has gone up by leaps and bounds. I admit that there has been an increase; but the particular increase this year, according to

rmation, is due to a transfer of the Indian Munitions Board from the ...ary to the civil. A note that I have before me says that the provision this year includes the full year's amount for the Indian Munitions Board amounting to Rs. 6·91 lakhs in all. Subtracting that, the actual expenditure is roughly a decrease on the preceding year; that is, any increase there is this year is due merely to a transfer from one head to the other of the Munitions Board which has now become more of a civil department than it was in the past. I do not think that Hon'ble Members will accept this transfer as a sufficient reason for reducing the establishment, unless it is proposed in some way to re-transfer my Hon'ble friend, Sir Thomas Holland and his establishment, to the military side.

"The Hon'ble Member went on to say that the large staff of the secretariat encourages undue interference with Local Governments and that such establishments are quite incompatible with the responsible government that is coming. I can assure him that our practice has been to interfere with Local Governments as little as possible, and I think, at any rate so far as the Home Department is concerned, I can state without fear of contradiction, that we do not interfere with them save where it is strictly necessary. As to the second argument, if the Hon'ble Member thinks that under responsible government there will be a small secretariat staff or less work for that staff than at present, I can assure him that he is making a very great mistake. As it is a large portion of the time of the officials of Government for many months in the year is occupied in collecting information for answers to the questions and resolutions placed before us by the non-official members and this is a burden which will increase with the size of the Council.

"In all these circumstances, I hope the Council will not accept this resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—"I have listened, Sir, to the speech of the Hon'ble the Home Member with all respect and with much interest; but I must say that I do not feel convinced. Taking the Committee first, was there no Indian official of experience at all, either in the Imperial or Provincial Governments who could serve on the Committee? That was what I contended.

"Coming to the next point, my Hon'ble friend says that this budget provision of Rs. 49 lakhs is due to the transfer of some department to civil; but I find some difficulty in understanding that; for instance, I find in the Home Department we have now got a new joint secretary, and there is my Hon'ble friend, Sir William Marris, the Chief Reforms Commissioner; in the Commerce Department I find there are two deputy secretaries; in the Finance Department there is a joint secretary; in the Revenue Department there is a Food Controller. I suppose these do not belong to the military department, but are additions to the civil departments. That is a serious grievance certainly of which we have a right to complain. The enormous rise of 8 lakhs in the course of five years in the secretariat is not a small thing, and surely requires looking into. That was my complaint and these are my grounds for pressing the resolution."

The Resolution was put and rejected.

The Vice-President:—"The Council will now adjourn and reassemble at 6 o'clock."

RESOLUTION *RE* GRANT OF FIVE LAKHS OF RUPEES TO THE AYURVEDIC AND UNANI TIBBI COLLEGE, DELHI.

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer:—"Sir, I beg to move—

'This Council recommends to the Governor General in Council that a grant of five lakhs be made to the Ayurvedic and Yunani Tibbi College, Delhi, for building, equipment, etc.'

"Sir, for the last few years efforts have been made in all parts [redacted] country on an organized basis to win for the indigenous systems of medici[redacted] the scientific and the social status they fully deserve, but which was denied to them for a long time. I do not want here to enter into a discussion of the comparative merits of the Western and Eastern systems of medicine, and, as a layman, I would be presumptuous if I attempted the task. I likewise know that very strong views are held on this question by the champions of the claims of Indian medicine and their opponents. But I may be permitted to observe, notwithstanding this difference of opinion, that the utility of a careful study and also of the practice of the Ayurvedic and Unani systems is coming to be more and more recognised even by experts. Looking to the needs of the masses of this vast country, and to the impossibility of relying only on the Western system and its practitioners for ministering to their medical wants, people have come to admit the importance of the Indian systems of medicine to give relief to suffering humanity. And the practitioners and supporters of these indigenous systems are actively striving to provide for the systematic teaching of the subject in special institutions so that the number of trained practitioners may increase to the great benefit of the mass of the people living in villages and small towns. One such institution is the Ayurvedic and Unani Tibbi College in this city, which has secured a large measure of popular support under the able and energetic guidance of Hazik-ul-Mulk Hakim Ajmal Khan, its Honorary Secretary. Lord Hardinge laid the foundation-stone of the college and the building is now an accomplished fact. It is expected that His Excellency the Viceroy will be pleased to perform the opening ceremony of this institution next autumn. Being a central institution established in this city, the capital of the country, the institution deserves every support the Government of India can give to it. A grant of five lakhs of rupees for buildings and equipment will prove very helpful to such a useful enterprise, and I hope Government will not grudge the money I am proposing it should give to the college. The Board of Trustees of the College is composed of respectable gentlemen, and private effort in the direction of education in medicine made under such auspices ought to receive generous partronage from Government. With these words, Sir, I move the resolution."

The Hon'ble Mir Asad Ali, Khan Bahadur :— "I beg to support the resolution, Sir."

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, I beg to give my hearty support to this resolution. Four-fifths of the population of this country are unfortunately unable to get the benefit of the European system of medicine, and the number of doctors that we have is so few, that they are hardly adequate to meet the requirements of the vast population of this country.

"Not only that, Sir, but there is a large proportion of the population in this country who are in sympathy with Ayurvedic and Unani systems of medicine and these people must not be left to be treated by 'quacks.' Now that an institution of this kind is established on the latest model, I think it ought to be encouraged by the Government. I am sure the Government have full sympathy with this institution, and I hope the Hon'ble Member in charge will see his way to give some grant for it."

The Hon'ble Mr. Kamini Kumar Chanda :—"I beg to support his resolution."

The Hon'ble Nawab Saiyed Nawab Ali Chaudhri :—"Sir, I heartily support the resolution moved by my Hon'ble friend Mr. Ebrahim Haroon Jaffer. During the Muhammadan period, Sir, the indigenous systems of medicine had reached a stage, unrivalled by any of the existing systems; but since, under British rule, Allopathy has been accorded the Government patronage and recognition, the Ayurvedic and the Yunani schools have been

[redacted]ed to the cold groove of neglect. Yet even now in some of its branches the Ayurvedic and the Yunani are in advance of their Allopathic rival. Sir, I can bear personal testimony to the great efficacy of the indigenous systems. The year before last, Sir, after three months' continual attack of fever when all the leading Allopaths of Calcutta gave up my case as hopeless, through the grace of the Almighty, Yunani treatment restored me to health again. I owe a deep debt of gratitude to the systems, and I am glad to notice that the leading exponents of the Ayurvedic and the Yunani medicines are exerting themselves for the establishment of a college of indigenous medicine at this Imperial City of Delhi. They deserve every support and encouragement from the Government, and I hope His Excellency's Government will not be slow in helping a beneficent institution of which the foundation-stone was laid by His Excellency's distinguished predecessor, Lord Hardinge. With these few words, Sir, I heartily give my support to this resolution."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—"Sir, I have much pleasure in supporting this resolution. It is a well-known fact that an Ayurvedic and Yunani Tibbi College has recently been established at Delhi, and it is desired by everybody that its buildings should be erected soon, as the public are likely to derive great benefits from the institution. As we cannot produce from the Medical Colleges, which we have at present in this country, a sufficient number of doctors to meet the needs of the public, the Government should encourage the establishment of colleges for the adequate study of the Ayurvedic and Hakimi systems in different parts of India. I, therefore, hope that the Government will be pleased to accept this resolution."

The Hon'ble Mr. G. S. Khaparde:—"Sir, I have heard the arguments in favour of this resolution, and it seems to me that the Ayurvedic and Unani Tibbi College in Delhi would afford very great facilities for the study of Ayurvedic and Unani medicines. I therefore sincerely hope that the Government will see their way to help this institution with the grant asked for. With these words I support this resolution."

The Hon'ble Mr. V. J. Patel:—"Sir, I also rise to support this resolution. I think it is in the fitness of things that the Government should accept this resolution. My Hon'ble friend Mr. Jaffer has rightly pointed out that one Viceroy laid the foundation-stone of the college and that another Viceroy is going to open it. Well, I think it is not at all a question of competition between two rival systems of medicine. It is, I think, the accepted policy of Government to encourage indigenous systems of medicine in this country, and that Government will, I hope, take this opportunity of giving proof that they really mean to carry that policy into effect. I submit it is absolutely necessary that all possible efforts should be made to have the Ayurvedic and Yunani systems encouraged on as large a scale as possible in order to meet the requirements of the masses in India. If we had the Ayurvedic and Yunani systems of medicine encouraged in times gone by, and if we had enough medical men trained in those systems, we could have combatted to some extent the results of the influenza epidemic in which about six million people died only the year before last."

The Hon'ble Haji Chaudhuri Muhammud Ismail Khan:—"Sir, I beg to accord my hearty support to the resolution moved by my Hon'ble friend. The necessity of encouraging indigenous systems of medicine has been acknowledged, and it is only proper that Government should extend the same patronage to Indian systems of medicine as to the European systems. The College at Delhi has done splendid work, and further opportunities for research should be afforded to it by grant from Government. I hope the

Government will find their way to accept the resolution and thereby proof of their sympathy with our endeavour to conduct research into Indian systems of medicine."

The Hon'ble Sir Umar Hayat Khan :—"Sir, I rise to support this resolution. Many of the Punjabees who have attended this college and have gone back to their districts are doing very good work. Where there are no doctors or hakims, some quacks come forward and generally, I think, they do the work of killing. I think that when the stock of English medicines ran short during the last war many hospitals had used Indian medicines which were considered very useful. Therefore I feel if we have people properly trained in the Ayurvedic and Unani College in Delhi, it will be very useful to the country. I therefore support this resolution very strongly."

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, there is a question of principle involved in this, and having regard to the fact that medicine is to a certain extent to come under the new ministers I think the problem requires some examination. It has been contended, and I think not without reason, that having regard to the small amount of funds available for the extension of medical teaching, it might not be desirable to dissipate our resources in departing from the established practice and encouraging studies which have not been scientifically proved to be sound. That has been the view accepted by the Governments in general in the past, and I know that in the Madras Presidency municipalities were to a certain extent prevented from giving funds to Ayurvedic institutions and grants were withdrawn in some instances. Now this question will come to the forefront in the immediate future, and I therefore think some kind of definite policy must be pursued by the Government; at any rate, some indication must be given so as to guide the people as well as the Government in the future.

"Sir, there is a very strong volume of opinion in favour of encouraging Unani and Ayurvedic studies, and, I think, it will be expedient, politic as well as just to give a grant to this central institution so that the results from the utilisation of that grant may be awaited and the system may be extended. There is no use saying 'no' to everything. I mean we shall have to go with the people to some extent in order to show that we have no prejudice in the matter, and I think Government will be setting public opinion against itself if it says that no money can be spared for this college. It will be better, I think, if the Government can see its way to give encouragement to this particular institution, ask it to show definite results and then wait and see whether the results justify any further extension of grants-in-aid to institutions of a similar character."

The Hon'ble Sir William Vincent :—"Sir, in 1916 a resolution was moved in this Council by the Hon'ble Khan Bahadur Mir Asad Ali in which he asked us to investigate the possibilities of placing the ancient and indigenous systems of medicine on a scientific basis. That resolution was accepted and subsequently Local Governments were invited to give their opinion as to whether these proposals were feasible or not. I regret to say that the replies, the substance of which I placed on the table at a later date, were very unfavourable to the proposals. I hesitated to put the actual replies on the table because I thought they might cause offence to individual members. Since then, however, a good deal of water has passed under the bridges, conditions have changed, and although the opinions that I have received are not favourable,—I have now a memorandum before me by an expert in Western Medical science which speaks in remarkably scathing terms on the scientific aspect of the Ayurvedic system—yet I quite recognise that many members, in fact nearly all the non-official members of this Council,

y strongly on the subject. Further, whatever may be the scientific of these systems, it is undoubted that many, both Indians and Europeans, have considerable faith in them. I have myself heard a very high official of Government say that he has known of as many cures effected by these practitioners as by any other class of doctors. Another consideration weighs with me in this matter, and that is the one which has been put forward by the Hon'ble Mr. Sarma. Medical administration is going to be a provincial subject. It is also going to be a transferred subject, as I understand, and it is, therefore, a matter in which the Ministers and the Legislative Councils will exercise great authority and for the administration of which they will be responsible. It is, therefore, quite possible and even probable that they will use some of their resources for financing or aiding dispensaries and various institutions worked on the Ayurvedic and Unani Tibi systems. In fact, I believe in some provinces that is the case at present. That being so, the question of having a central institution in which the system can be properly taught is of considerable importance. The institution to which the Hon'ble mover refers has also received recognition from Government in the fact that the foundation-stone was laid by His Excellency Lord Hardinge when Viceroy, and I am told, though I have no authority for this myself, that His Excellency Lord Chelmsford will open the building. I do not know the authority for that statement, but I presume the Hon'ble Member has not made it without being satisfied that it is correct. Another argument that presses me is this. It was only a short time ago that I was speaking of co-operation between officials and non-officials, and I spoke of the necessity of this not being one-sided, that is that while asking the assistance of non-officials we should show that we are anxious to work in with them and accept their recommendations when we can do so. I cannot pretend to have any knowledge of the value of these systems of medicine myself, and I am bound to admit that the scientific advice I have received has little to say in favour of these systems, but I am anxious here again to meet Hon'ble Members. I recognise also that much of the criticism comes from persons who would naturally not be inclined to favour any system other than their own. It is also quite clear that facilities for medical treatment that at present exist are very inadequate for the needs of the country, and it will be very difficult, if not impossible, for many years, for the Government to train a sufficient number of persons in Western methods of medical science. Bearing all these considerations in mind, I am prepared to go as far as I can to meet the Hon'ble Member in respect of this Resolution. I cannot, of course, and he does not really expect this, promise to make a grant of Rs. 5 lakhs to an institution which has never, I think, asked us for it, and for the employment of which sum we have no definite scheme before us, or anything of the kind. Nor would I, for one, think of approaching the Finance Department for a grant on the information before me. Sometime ago I offered to receive a deputation from the authorities of this Institution, and to my regret they have not thought fit to come near me, but I am prepared to say that, if I receive a scheme which, I think, I can conscientiously support to the Finance Department, I will do so and endeavour, so far as financial exigencies may permit, if the scheme seems a sound one, to secure a grant for it. The amount of that grant I cannot possibly say. It will depend largely on the character of the scheme, largely on the good-will of my Hon'ble colleague the Finance Member, and largely on the financial exigencies of the moment. I wish however at present to make it clear to the Council that I accept, so far as I am in a position to do so, the principle underlying the resolution of the Hon'ble Member."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, as one interested in this institution I thank the Hon'ble the Home Member for the promise of support which he has made for it. It will be unnecessary for me to take up any more of the time of the Council, but I wish to

say this much, that the reports and opinions which have been expr[redacted] those who are not practising these two ancient systems should alwa[redacted] received with a certain amount of reserve. These two systems have existed [redacted] this country from very ancient days. They are beneficent systems. Millions of people have benefited from these systems. Even now, when we acknowledge with gratitude the advances made in the European alopathic systems we find that in important places *vaids* and *hakims* are effecting cures in cases often given up as hopeless by other practitioners. I know from personal knowledge many cases of *kabirajes* practising the Ayurvedic system successfully in cases which have been given up by practitioners of other systems. I know also at this moment that a very esteemed friend of mine, a very wealthy man, having tried other systems, has now called a *hakim* from Delhi to treat him when his case is considered to be nearly hopeless. I could state many instances, but I do not think it is necessary to take up the time of the Council by doing so. I will only ask my European colleagues to take one fact into consideration. The Ayurvedic system is more ancient than any other system prevailing in history, and it has its body of literature, it has its own science, it is not an empiric system. It has not developed as modern science developed. The progress made in ordinary science during the last 100 years is a matter for sincere congratulation, particularly on the question of surgery in which the progress has been immense. Also in the matter of medicine, the physician's work, the progress has been very great, and we feel grateful that this progress has been achieved. But we must not overlook the very great advantages which the system of Ayurvedic medicine and the Yunani system do confer upon the people who resort for medical help and relief to the practitioners of these systems. Also it should be borne in mind that the tendency in the teaching of both these systems now is to incorporate the advances made in the modern systems and teach them along with what is obtainable in the ancient systems. There is only one other point to which attention should be drawn. When the Government of a country like ours finds that vast numbers of people resort to a particular system which is prevalent in the country, they ought to adopt one of two attitudes. They ought either to accept the advice of the people who resort to those systems for relief and support the systems, or if they have a doubt they ought to appoint a committee of scientific men, upon which representatives of these systems should be invited to sit, to sift the whole matter and to place the report before the Government which would relieve the Members of the Government of any doubt or distrust of the value of these systems. I am confident that if such a committee was appointed, if the matter was examined, the Government would be satisfied and it would be a matter of satisfaction to all to find that these systems have inherent merit in them which ought to be encouraged. I am very glad therefore that the Hon'ble the Home Member has promised to support this institution. I hope this support having been promised, it will not merely encourage the present institution which has been referred to, but other institutions also and that the army of workers who are working to administer relief to our fellows-subjects will greatly be increased to the satisfaction of all interested in the relief of human suffering and in the preservation of health."

The Hon'ble Khan Bahadur Ebrahim Haroon Jaffer :—"Sir, I am glad that my Resolution has been so well received by the members of this Council. I must also thank the Hon'ble the Home Member for his sympathetic reply. I hope, when the scheme is placed before him, he will not only consider it favourably but liberally. We have had enough of sympathy in words, but nothing has so far been done practically. It is high time now that something was done to encourage this sort of medicine. In view of the assurance of the Hon'ble the Home Member, I beg your permission, Sir, to withdraw this Resolution."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* APPOINTMENT OF AN INDIAN AS CHIEF REFORMS COMMISSIONER.

The Hon'ble Mr. V. J. Patel:—"Sir, I rise to move the following Resolution:—

'This Council recommends to the Governor General in Council that the amount of general reserve entered for unforeseen requirements under the head 'Miscellaneous' be increased by a sum of seventy-five thousand rupees which should be allotted for the appointment of an Indian as Chief Reforms Commissioner, and for the payment of the travelling and other expenses of members of the Informal Advisory Committee on rules already appointed and hereafter to be appointed'.

"Sir, this is a very important Resolution. It raises two issues. In the first place I want that provision should be made for the appointment of an Indian as Chief Reforms Commissioner and, secondly, I want that provision should be made to meet the travelling and other expenses of members of the Advisory Committee already appointed, and mark the words 'hereafter to be appointed.'

"I take the second point first. There is already, as this Council is aware, an Advisory Committee appointed by the Government of India to consider the draft rules and regulations under the new Reform Act. That, I understand, is not the only function of that Committee. It has also to advise the Government of India from time to time on matters arising out of the reforms, so that the Committee will not cease to exist as soon as this Session is over, but will have to continue its sittings hereafter in April, May, June and July; in fact for all the year round till the new Councils come into existence. Well, Sir, when I say that provision should be made to meet the travelling and other expenses of the members of the Committee hereafter to be appointed, I mean that the Committee requires to be strengthened; some more members ought to be added to that Committee. As it is all the provinces are not represented on that Committee. I find that Assam is not represented; I also find that the Central Provinces are not represented; Burma is not represented. It is necessary, Sir, that there should be representation on that Committee from every province. Consequently, additional members will have to be put on that Committee and their expenses will have to be paid for. Meetings will take place at Simla and other places from time to time till the end of this year. Not only is there no representation from all the provinces, as I say, but all the interests are not represented. I know, as a matter of fact, that the European commercial interests are represented on the Committee. There are two non-official European members of this Council who are members of that Committee, so far, as I understand, but not one single member of the Indian commercial community is there. And what is the result? I understand—I am not giving out any secrets because I am not a member of the Committee; I tell the Council what I have heard for what it is worth—the other day a question was discussed whether there should be two European commercial members on the Legislative Assembly from Bengal as proposed by the Government of India, and the two European members of the commercial community who were members of that Committee pressed that there should be three. There was no one on the other side to represent the Indian commercial interests, with the result that the Committee recommended that there should be three European members and not two. I do not know how far that is true, but perhaps the Hon'ble Sir William Marris will be able to explain the matter. What I ask the Council to do is this. Let there be representation of all the prinicipal interests on that Committee, the Indian commercial interests, landholders' interests, and the like. I do not want to go into the question whether the political bodies particularly the congress and the moderate conference should have representation on the Committee. I should like to see all interests represented. If my view is accepted, you will have to make provision to pay the travelling and other expenses of those members.

"The second point is, I want an Indian appointed as the Chief [redacted] Commissioner. Sir, there is a good deal of talk about co-operation now-a-[redacted] My submission to this Council is 'let us begin co operation in the Reforms Office itself.' That is the place where co-operation must begin. The Reforms Office is there for the purpose of advising the Government on the rules and regulations to be framed under the new Act and on various other matters that may hereafter arise in connection with the reforms. Now we know, we have been told times without number, that the Minto-Morley reforms failed because of the rules that were framed by the Government of India under the Act. Let us therefore take lesson from past experience. It is absolutely necessary that Government should take the representatives of the people into their confidence in the matter of framing these rules and regulations. It is much better, Sir, in my opinion, that an Indian should really be in charge of the Reforms Office, as the head of it. Let us Indians be responsible for the making of these rules.

"It may be said that well, there is the Hon'ble Sir William Marris, who has already been appointed and he has been working for some time past, and how is it that I now come forward with a proposal for the appointment of an Indian as Chief Reforms Commissioner? Well, it may be said that he has been there and doing the work and there is no reason why there should be any change. I do not complain. We know the Hon'ble Sir William Marris. We know his views. I have great respect for him, and I know that he has been associated with this question of reforms long before the announcement of August 20th, 1917. In fact his name was associated with Sir Lionel Curtis who came in 1916-17 in search of some constitution for India. Subsequently Sir William was associated with the two distinguished authors of the Reform Report. We find his name prominently mentioned in the report; we also know that he was associated with the despatch of the United Provinces Government on that Report. We know that despatch very well, and we also know that he must have had a good deal to do with the nine despatches that were sent on the Reform Report by the Government of India to the Secretary of State. All these things we know, and we therefore know his liberality of views regarding the Reforms. We may not mind all that, Sir. But I am surprised at the colossal ignorance of the Hon'ble Sir William Marris on important questions connected with the proceedings of the Joint Committee. The other day I asked a question whether it was not a fact that Lord Selborne in the House of Lords stated that there would be four Indian Members of the Executive Council of the Governor General, and what was the reply? Up jumps Sir William Marris and says 'the Hon'ble Member must give notice of the question.' Now, Sir, I ask this Council seriously to consider whether the Reforms Commissioner, the person who is in charge of the Reforms Office, should or should not have known what the Chairman of the Joint Select Committee said in his speech on the subject of the number of Executive Council members of the Government of India, that is a thing which I cannot understand.

"The second point to which I should like to invite the attention of Council is regarding the Indian National Congress deputation. I asked a question a few days back whether there were any members of the Indian National Congress deputation on the Reforms Rules Committee. The Hon'ble Sir William Marris said he did not know the personnel of the Indian National Congress deputation. Well, Sir, if he had only seen the proceedings of Lord Selborne's Committee which contains among other things, the memorandum of evidence submitted to the Joint Committee by the Indian National Congress Deputation, he could have easily got the names. Sir, it seems to me he has not cared to know these things, and it would be much better therefore from all points of view that we should have an Indian who knows these things, who has worked in the Legislative Councils, local and imperial, who realises the difficulties, who can understand how the new reforms should be worked, and why and how the Morley-Minto Reforms failed. Such a man is the

man to guide the destinies of the Reforms Office. I have great respect for William Marris, and I know my friend, the Hon'ble Mr. S. N. Banerjea gave him a certificate only the other day, but there it is; the facts must be faced; he has disclosed deplorable ignorance of most vital things which a Reform Commissioner ought to know. Under these circumstances, I submit, Sir, the Government should take us into confidence and appoint an Indian as Reforms Commissioner. With these words I move my resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I would like to make one suggestion to my Hon'ble friend, Mr. Patel. Instead of asking for a Chief Indian Reforms Commissioner, I would suggest that he should ask for a Joint Indian Commissioner to be associated with Sir William Marris."

The Vice-President:—"I am sorry I cannot accept any amendments."

The Hon'ble Mr. Kamini Kumar Chanda:—"I am not proposing any amendments."

The Vice-President:—"I must ask the Hon'ble Member to address himself to the resolution, and not to something which is not before the Council."

The Hon'ble Mr. Kamini Kumar Chanda:—"That is the only suggestion I have to make. I support the second portion of the Hon'ble Mr. Patel's resolution."

The Hon'ble Sir William Marris:—"Sir, when a few days ago a resolution was moved in this Council on a matter very cognate to that of the Hon'ble Member's speech, I ventured to ask the Hon'ble Mover of that resolution to remember the old proverb about the unwisdom of swapping horses when you are crossing a stream. I think that perhaps the same applies to the Hon'ble Mr. Patel's resolution now. It may be that you do not very much like the horse you have got, indeed, I gather that he does not. But against the advantages of getting a mount that you would prefer, it is as well to take into account the inconvenience that may result from the wetting you may get in the process. This stream which we are crossing is not altogether a little rivulet; it is a broad stream, and we do not hope to get to the other side before the end of the year. When we do emerge on the other bank it has been arranged that there shall then be a considerable change of horses. Several old stagers are going to be relieved of part of their load, and some new and untried blood is going to assume part of the burden of the administrative harness. Is not that the appropriate time to make a change when we are safely across and know where we are?

"I gather from what the Hon'ble Member said that his main objection to the arrangements that have been made for the charge of the Reforms Office (though he hedged it round with plenty of reservations), is that the Hon'ble gentleman objects to my association with this office on the ground that, when he had elaborately prepared two supplementary questions for me in this Council, I asked for notice of one, and gave the only answer that occurred to me on the spur of the moment in reply to the other. It was a perfectly true answer, and in the circumstances it appeared to me a satisfactory answer. I said that I could not charge my memory with the exact personnel of the Congress deputation to England. I do not see why I should have done so: and I gave the only possible answer. The other matter that the Hon'ble gentleman

alleges against me is that he put another supplementary question and asked for notice of it. Now the Hon'ble Member's original question had answered. Then, he, having read through various blue-books and having found in them the material wherewith to lay a train, fires it off in the shape of a supplementary question. Accordingly I asked for notice; I said that I required time to look into these blue-books and to verify the references that the Hon'ble Member had studied so long beforehand. I do not believe that anybody standing in my position could, without wading through hundreds of these pages beforehand—nor even then—give an answer straight off to any conceivable supplementary question that the Hon'ble Mr. Patel has elaborately prepared beforehand. I say that if the Hon'ble gentleman has nothing better to allege against the conduct of the Reforms Office than the fact that on two occasions his supplementary questions were answered in the only possible way in which they could be answered, then I say that his case is indeed a weak one.

"The Hon'ble Member briefly indicated some of the qualities which he thought suitable and desirable in the officer who had charge of this work. I suppose that the Hon'ble Member has given this matter some thought as a sagacious man, he has considered, I suppose, what the nature of the work is and what the problems are with which it is concerned. He sees that the office is there, in the first instance, to deal with a re-adjustment of the relations between the Central Government and the Local Governments, between the India Office and the Government of India; and again that the Reforms Office is concerned with some re-adjustment of the internal relations between the various executives and legislatures. Therefore I can conceive the Hon'ble Mr. Patel saying to himself 'For the charge of this office let us look for somebody who has had administrative experience, who has been in a local Government and also associated with the Government of India, who has also been in a local Council and in the Governor General's Council. As the office has a good deal to do with the relations between the Secretary of State and the Government of India, it would be as well if the officer had also seen something of the India Office. As there are questions of ministers coming into being, as a ministerial system is to be started, it is desirable to look if possible for some one who has dealt with or who has practical acquaintance of dealing with ministers in being. Parliamentary elections on a large scale also are in contemplation, and it is therefore desirable that you should get some one who has if not actual experience of such business also, at least some one who has at all events had the experience of watching a parliamentary election.'

"These then, I suppose, are the sort of qualifications that you would look for. I have omitted to mention three other matters of some importance which are involved in all the various parts of the scheme. Some knowledge of constitutional law and of finance and of the working of the services is clearly required, and some acquaintance with such matters would therefore be an element of value. Now the Hon'ble Mr. Patel may tell me that in enumerating these eight or nine points, all of which seem to be fully just and reasonable, I am setting up an impossibly high standard. I think the answer to that suggestion is a simple one; namely, that if it had not been for other chances which I am sure every one here regrets, we should have had in an *ex*-member of this Council one who possessed in a very unusual and extraordinary degree exactly all the qualifications that I have enumerated for the purpose. If the period of Lord Meston's service in India had been prolonged, I think it could not have been denied that he would have been the ideal person in every way for this work. He possessed all those varied and numerous qualifications. Well, circumstances have otherwise willed and Lord Meston may help us in another capacity and another place, but he is unfortunately not here to undertake the charge of the reforms work.

"I do not suppose, Sir, that it would be proper or seemly for me for a moment to attempt to justify or give reasons for the selection that the Government of India made when Lord Meston was not available. But what I have

to apply the premises I have suggested to the proposal before the Council, I would ask the Council to consider whether these propositions which I have put forward, these qualifications which I have suggested, are or are not substantial and reasonable propositions. Either let the Hon'ble Member show that they are not reasonable, or let him show in the alternative that the one qualification which he has put forward, that racial qualification which indeed he has put forward in all its nakedness, let him show that that is an over-riding consideration of such moment and value as to wipe out all others Because, Sir, if he cannot do that, then it seems to me that it must be admitted that from no fault of theirs but from the mere circumstances of the case the field of selection of an Indian gentleman possessing the required qualifications must be a restricted one I do not know who the Hon'ble Member had in his mind for this appointment, he did not indicate anyone, nor do I think it seemly to make any suggestion. But I am reminded that he did state qualifications, Sir, and it appears that those qualifications, so far as he stated them, would apply to a gentleman sitting within not a very large radius from where the Hon'ble gentleman himself sits in this Council.

"As regards the question of travelling allowance which the resolution also raises, I may say at once that of course provision will be made for that, and for that purpose there will be no need to enter any special sum in the Budget. But it is obvious to Council that the Hon'ble Member's concern is not mainly with the question of such allowances.

"I do not conceive, Sir, that the question of the composition of the Committee, or of the operations of the Committee, regarding which the Hon'ble Member appears to have gathered some inaccurate information—I do not think that these matters are sufficiently germane to the subject of this resolution for it to be necessary for me to enter upon any discussion of them. The Hon'ble Member has already had the opportunity of discussing the composition of the Committee once already and its function is to advise the Government and not to report to Council. For these reasons, Sir, I do not suggest to Council that they should accept this resolution."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I consider it unfortunate that we should have had this discussion, and this Resolution should be open to the attack, to the criticism that the suggestion has been put on a racial ground. I also consider it very unfortunate that there should have been so much discussion of a personal character in dealing with the question of the character involved. I feel that the criticism on personal ground is most deplorable and I only want to say this, that while I do not at all wish to say anything in regard to the personal qualifications of Sir William Marris who has been appointed Chief Commissioner, it would pain me to discuss them and has pained me to hear the discussion of them. I would not go into the question on personal grounds, and I wish my Hon'ble friend Mr. Patel had put it in asking for preference for another Commissioner merely on the ground of his being an Indian.

"I think we had a suggestion that we wanted the co-operation of European and Indian. The whole basis of the Reforms Act, the whole basis of our reforms and changes in the new constitution to which we are looking forward rests upon the co-operation of Indian and European. Therefore I would not ask for the appointment of any Commissioner merely on the ground that he was an Indian, nor would I for a moment object to the appointment of a Commissioner merely on the ground that he was an Indian. Having made this much clear I would say that I wish it had fallen to some other member, that some other member had been asked to reply to this Resolution than Sir William Marris, not that I think he said anything to which exception can be taken, but I think that it was due to him that some other member should have taken up the answer to this Resolution. I think the only point which I will say

is this, that this is a matter which does require some serious and impartial consideration. There is a feeling in the minds of many members of this Council I should say of some at least in this Council and outside this Council, that in asking members to consult, to advise the Government regarding Reforms, the Government have not shown that large-heartedness which was expected of them on such an occasion as this. I think the Advisory Board should have been larger, and I think the suggestion that non-official members might be asked to co-operate was worthy of consideration. If that was only done the Board might have been still larger than it is.

"The President of the Indian National Congress, I understand, sent a cable to the Secretary of State complaining of the composition of the Advisory Board; I should like to know from the Government whether any intimation has been received by the Government from the Secretary of State with reference to that complaint. I should like also to know from Government why is it that Government were not able to satisfy the request that the composition of the Advisory Board might be made more liberal or large. No, Sir, the Hon'ble the Home Member has referred more than once to the desire of the Government to co-operate with the people and has appealed to non-official members of this Council to co-operate. This was certainly a legitimate appeal for him to make. We on our side also appeal to him and to other members for co-operation in a generous spirit. Now I want that we should really work in that spirit, and that the action of the Government should not be exposed to the criticisms that they have begun to form and foster a feeling that there are two parties in this Council and that the Government favour one party. I wish the Government to guard against it. I wish also that the Government should do all that they can to avoid the criticism to which the regulations framed under the Morley-Minto Reforms were exposed. The Government is aware, and my Hon'ble friend Mr. Patel has brought the question again before Government that the Act which was passed by Government in 1908 was welcomed with enthusiasm by India. The Government is also aware that the regulations which were passed under that Act were received with very great disappointment. The fact has again and again been mentioned, and when people have been blamed for not welcoming the Reform Act in fair terms, they have again and again pointed to the fate which overtook the previous Reform Act. The Government have to see that no opportunity is given for such criticism. We ought to show in this matter on both sides as much large-mindedness as we can. The Government ought therefore to consider whatever criticism there is in Mr. Patel's Bill in regard to the enlargement of the Advisory Board in an impartial and fair spirit free from any prejudice arising from references or discussions of a personal character. I think at this stage there is time at least for Government to re-consider the position. The Hon'ble Sir William Marris has told us that it will not be before the end of the year that this work will be completed. Well, that is, I suppose, the final completion of the work, but before that time there is ample opportunity which should be availed of to consult the members of this Council as largely as possible. I hope the Government will consider this suggestion in the spirit in which I put it forward. I repeat that, while I deplore the references of a personal character in this discussion, I should say that there is justification for the complaint that the Advisory Body is not enlarged and that the Government should approach the question relating to the formulation of the rules in a larger spirit and the matter does require consideration, and I hope it will receive that consideration from the Government."

The Hon'ble Mr. G. S. Khaparde:—"Sir, I do not propose to take much time in placing my views before the Council on this Resolution. There are two points of view that have occurred to me, and as they have not been mentioned I should like to put them forward. In the qualifications which are mentioned by the Hon'ble Sir William Marris, he has not stated the qualification to which I look forward with some amount of solicitude and anxiety, and it is this, that the framing of the rules will cover the

of the formation of the electorates and those electorates will b . In forming those electorates, however, I believe the views of all those people who have laboured and who have done what they could possibly do in order to create as wide electorates as possible, would be very useful. We therefore naturally feel that the Commissioner to be appointed to preside over this office should be one who has had some experience of having worked in India for electorates of the kind which we seek to create, and this qualification has not been mentioned by the Hon'ble Sir William Marris, and I therefore particularly want to put it forward. The Reform Scheme, as I understand it, will stand a great deal by the kind of electorates that would be created. We know that at present the vote is purely property vote, yet it admits of being so arranged that nearly all interests may be represented in the new Councils, and my anxiety is to see that these new electorates are so formed that all interests in the country are represented. That is one part of our anxiety, and the reason why our anxiety is increased is that the rules framed now may be considered as unalterable for a period of ten years, which is rather a long period. If therefore the electorates are not properly formed and they do not work well, I am afraid we shall all have to stand the criticisms that will be made on those rules and on the consequences of those rules. So I feel that it is our duty to get those electorates formed as well as we can.

"Then there was a question put which I did not expect here, as to what candidate the Hon'ble Mr. Patel had in view, and that the candidate would be within a certain radius or at the apex of a triangle or whatever it might be. My reply to that is, if the Government will kindly accept this proposal, then it will be time to put forward a candidate and discuss his relative merits. At this stage it is not necessary to see what candidate is going to come forward, or what particular person the Hon'ble Mr. Patel has in view. There is a further qualification which I like to put forward and which has not been put forward, and it is this. I like that this new scheme should be the joint production of Europeans and Indians. I am aware that there is an Advisory Body, but this body has no constitutional existence. There are no rules, and there is nothing to show that the views of a particular majority or of a particular person will prevail or succeed. If it was a sub-committee appointed by this Hon'ble Council I would understand the rules, and I would know how the committee is being worked. As it is, I do not know how the Advisory Board is being worked, and I believe the outside public would imagine that there were no rules because they were not placed before the Council, nor were they discussed and passed through the Council, nor were they subjected to thec riticisms of this Council. I do not wish to speak of the composition, however, but the qualification comes in here that by appointing an Indian gentleman to the chief place in that office, the public will have a guarantee that there was an Indian associated with the Hon'ble Sir William Marris and that everything that could be done has been done. If it is not done, then there will be, as my Hon'ble friend Pandit Malaviya said, ground for some people to imagine that their interests or their point of view has not been considered. These are the remarks that I wish to put forward, and I hope and trust they will appeal to the Council.

"With these few observations I heartily support the proposition moved by the Hon'ble Mr. Patel."

The Hon'ble Mr. V. J. Patel:—"I have nothing to say in reply."

Vice-President:—"Has the Member in charge anything to say?"

The Hon'ble Sir William Marris:—"I have nothing to say, Sir."

The Resolution was put and rejected.

FINANCIAL STATEMENT FOR 1920-21.

THIRD STAGE.

The Hon'ble Mr. W. M. Hailey :—"I beg, Sir, to introduce the heads of the Financial Statement for 1920-21, Revenue and Expenditure, which stand in my name :—

Revenue.	*Expenditure.*
Opium.	Refunds.
Interest.	Opium.
Mint.	Stamps.
Receipts in aid of superannuation.	Income Tax.
Exchange.	Interest on obligations other than the Public Debt.
Miscellaneous.	Mint.
	Civil Furlough and Absentee allowances.
	Superannuation Allowances and Pensions.
	Exchange.
	Miscellaneous.
	Reduction or Avoidance of Debt.

"These heads are largely technical; the points of general interest have either been dealt with in my Financial Statement, or have formed the subject of resolutions which have already been before the Council or are still being discussed. I do not, therefore, propose to detain the Council with any introductory remarks on the subject."

RESOLUTIONS *RE* SALES OF REVERSE COUNCILS.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, with your leave I shall take the two resolutions on this subject together and make my observations in regard to them."

The Vice-President:—"Certainly, Nos. 24 and 26."

The Hon'ble Rao Bahadur B. N. Sarma :—"They are :—

'This Council recommends to the Governor General in Council that the deficit during 1919-20 be reduced by 6 crores, the said sum being deducted from the loss on sales of Reverse Councils shown in paragraph 152 of the Explanatory Memorandum,' and

'This Council recommends to the Governor General in Council that in 'Interest receipts XII' the receipts in England during 1920-21 be raised by £191,000, the decrease in the revised figure for 1919-20 provided for owing to an anticipated reduction in the amount of investments for meeting reverse drafts on London'.

"Sir, the subject-matter of the two Resolutions is practically identical, the questioning being as to whether the Council would advise the Government of India to stop immediately the sale of reverse drafts on London under the existing circumstances. The first Resolution deals with what is to be done during the few remaining weeks of 1919-20, and Resolution No. 26 deals generally with the policy in 1920-21. Well Hon'ble Members will excuse me for undertaking the task of bringing to their notice the consideration of this highly technical subject. I do it partly in response to a strong feeling on the part of the Indian public that the Government are losing heavily and unnecessarily by the sale of Reverse Councils, and chiefly because as far as I have been able to understand the subject subject to correction, I have felt that there is ample justification for the feeling of unrest among the Indian public, especially among the Indian commercial community who have sent me numerous telegrams on the subject, and who have been agitating the matter in the Indian press. I believe, Sir, it is generally understood that the object of the Government in selling these drafts is for the purpose of maintaining the exchange at a

vel. The Government possibly feel that unless they do it, exchange k away from the point at which it ought to remain, and that inasmuch s part of the currency policy of the country to so maintain it, whatever mporary loss may be incurred in doing so, the Government are justified in facing it, although for the time being the public may be alarmed thereby. Well really if in the general interests of the country and following the true spirit of the recommendations of the Chamberlain Commission, the Commission of 1898-99 and the report of the Currency Committee of last year the Government had been doing this, there would be something to be said for it; but I think, Sir, that, although the Government may bring themselves within the technical meaning of the term 'weak exchange' as it may be loosely interpreted, I think the object of selling these Reverse Councils is not really what the framers of these recommendations had in their minds when they suggested that the Government should have practically unlimited power, a power subject to little control, to sell freely Reverse Councils. Now I will just read a few extracts from these various reports for the purpose of showing that Reverse Councils should be sold only if it be absolutely necessary to do so to keep the Secretary of State in funds, or to adjust the trade balance against India and in order to support exchange at particular times of severe stringency, and that the object is not merely to benefit trade or individual persons who may like to remit funds from one country to another. That is not the object, and my point is the first condition does not obtain and that during 1919-20, taking every month of the year, you find a large excess of exports over imports so that at no period can it be said that the trade balance has been against us. And even taking into account the Council Bills which have been sold by the Government during the period running from April to December for which alone I have figures, there is nothing to show that the trade adjustments of the country really necessitated the removal of funds from this country to England in order to adjust any trade balance. If this country had to pay in gold or whatever may be the equivalent of gold, for the purpose of meeting an adverse trade balance, certainly I would not have had anything further to say; we must incur the losses for the purpose of maintaining our exchange. But I think, Sir, that criterion does not obtain in the present circumstances.

"Then there is another point. I shall mention it and try to justify my position with reference to the recommendations of the commissions. The Smith Committee as well as the Chamberlain Committee practically contemplate a free inflow and outflow of the precious metals, and they say that if the trade balance is such that gold might be exported from one country to another and the exchange is likely to fall, in order to keep up the exchange at a particular level, when it is weak Government would have to prop it up. But my submission is that here there is no adverse balance against us for which we have to remit funds, and the other conditions do not exist for the simple reason that you have no free import of gold here. There is no free export of gold. At any rate there would not be any export of gold for the reason that gold is dearer here than outside India. Again, supposing a man had to remit funds now, he cannot say that he has to do it because he cannot obtain trade bills inasmuch as the exports are in excess of imports, if the market be not manipulated. Whatever may be the handling of the mechanism of the exchanges by the exchange market, the stock exchange banks here seem to think that their business is only to make a profit and leave all the loss to the Government. Whatever may be artificial condition created, my submission is that there must be some justification for the Government or the exchange market to come forward and say 'here on account of adverse trade in order to meet this balance of trade, we cannot meet the import trade bills; consequently, Government must come to our aid.' That they cannot say now.

"Then the point is, if it is not for the benefit of the trade really in the strictest sense of the term, for whose benefit is it? A man possibly during the war kept his money here when he would have received only 1*s.* 4*d.* Now he finds it pays him to remit money to England. What is he to do? If he were to send his notes, nobody would take them in England; if he were to

send his silver rupees, nobody would take them there. Therefore, gold or pounds sterling. Now, if he goes to the market, he has to anybody else, and the market rate is considerably above the exchange. It is above Rs. 16, was sometimes as much as Rs. 23 or Rs. 24 per tola, or may be lower, but it is above your exchange rate, considerably above that rate. If he buys gold in the market, it will not pay him to send it to England, or, at any rate, he will lose on it. Therefore, he uses the mechanism of the Government for transmitting what he would not otherwise do in his own interest, through the free market or such market for gold as might exist. Here he wants to use the mechanism of the Government to pay Rs. 7 or Rs. 8 into your Paper Currency Reserve and ask for a pound, the pound meaning really what he hopes would in a very short time be equivalent to Rs. 10 or a much larger sum. He wants to make a profit at the expense of the Government. My submission, therefore, is there is no export point and there is no such thing as supporting au export point. The Currency Committee, as I have put it already, recommended the immediate adoption of the removal of all restrictions with a view to enable the Government to meet a normal course of free interchange of metals. It is then that this question of weak exchange and strong exchange will come in, and then it may be that the Government would and could rely upon the recommendations of the Currency Committee for remitting money to support exchange, but when they retain the restrictions for certain purposes they ought to retain the restrictions for other purposes. After all, is there such a thing as a steady exchange now? It is 2*s*. 7*d*. one day, 2*s*. 8*d*. a second day and 2*s*. 10*d*. the third day, and with a variation in the American cross rate it is possible it may be still further depressed aganist England if India's resources are not at her disposal, and it may be that your 2*s*. 10*d*. rate may still remain notwithstanding your refusal to sell, leaving it to the stock exchange banks to take further risks or to ask for a higher discount. These recommendations have no application whatsoever in the case of abnormal conditions like the present. Here is the first answer. First of all Reverse Councils may be drawn against the treasury balance in England which may be in excess of the Secretary of State's requirements. I do not believe that there are any such bloated balances with the Secretary of State because you propose that some part of the Treasury Bills and some part of the securities would have to be sold and the interest thereon reduced, and I take it that the first condition does not exist. Then the gold standard reserve was considered to be your first line of defence. That first line of defence, owing to causes into which we need not enter here, does not contain one ounce of gold. Therefore, if you were to draw on it, you would lose heavily by the sale of securities. Then again, you will have to translate into gold at a heavy loss which by a little waiting, say for six months or eight, you might save by sterling appreciating during the interval. Therefore, this forced sale of securities is extremely undesirable in the interests of India, because she will have to bear all the loss.

"The conditions laid down do not obtain because you have really no gold, as was recommended in the Chamberlain Commission's Report, in the Gold Standard Reserve wherewith to meet it. You may have temporarily a small quantity; again in the paper currency what you have is largely Treasury Bills which all of us know under the present exchange conditions have depreciated considerably in rupee value. Therefore, those conditions which are to exist in order to be able to meet these currency bills in terms of adverse trade do not exist at the present moment. The Report of the Committee of 1898-99 stated:

'We regard it as the principal use of a gold reserve that it should be freely available for foreign remittance whenever the exchange falls below specie point; and the Government of India should make its gold available for this purpose, when necessary, under such conditions as the circumstances of the time may render desirable'.

"For instance, the Government of India might, if the exchange showed a tendency to fall below specie point, remit to England a corresponding reduction being made in the drawings of the Secretary of State.

nmenting upon that (I think it is in Sir Lionel Abrahams' note)

'As a matter of fact, there is, I believe, now a general consensus of opinion that the reserve, so far as held to provide against a fall in exchange, should be used for two purposes namely to supplement temporarily the resources of the Secretary of State at times when he is unable to sell Council Bills except below specie exporting point, and to serve as a fund for enabling an adverse balance of trade to be liquidated without a fall in exchange'.

"Now you do not allow any imports of gold except under license, and there is no normal specie exporting point, the second condition does not obtain at all, as there is no adverse balance of trade.

"Then again, let us turn to the Report of the Chamberlain Commission. They say :—

'On the other hand, the Reserve is not required to provide for the conversion into sovereigns of the rupees in circulation in India. Gold is world's money and India, like other great countries, needs gold less for internal circulation than for the settlement of external obligations when the balance of trade is insufficient to meet them'.

"Then they say :

'This being the purpose of the Reserve, its amount depends not so much on the amount of rupees at any time in circulation as upon the growth of India's trade and the extent of the deficiency which adverse seasons and circumstances may at any time be reasonably expected to produce in the country's power to liquidate immediately its foreign obligations'.

"There are a number of passages to the same effect. In the course of the evidence it was objected that London might utilise the reserves for her own purposes in times of great crisis; that suggestion was indignantly repudiated by the whole Committee. They said :

'The objections put forward to keeping it in London rest on the belief that the Reserve is regarded in London as being available to supplement the Bank of England's reserve. There is no foundation at all for this belief'.

"Then they go on to say that this must be the first line of defence.

"Turning to the Currency Report of 1919 I find it stated :—

'The Chamberlain Commission recommended that the Government of India should make a public notification of their intention to sell in India bills on London at a price corresponding to the gold export point, whenever they were asked to do so, to the full extent of their resources..... ...We therefore recommend that the Government of India should be authorized to announce, without previous reference to the Secretary of State on each occasion, their readiness to sell weekly a stated amount of Reverse Councils (including telegraphic transfers) during periods of exchange weakness'.

"They refer to the Chamberlain Committee's recommendation, and I take it, Sir, that what is meant by weak exchange is, not inability of the exchange banks temporarily to provide or say that they cannot provide bills at the day to day fluctuating exchange that is now the course of events, but weakness of exchange on account of inability of trade to adjust differences on account of an adverse balance really running against India. How do the facts stand here? You find in April the exports were 23 and the imports 14; in May 21 and 13; in June 20 and 11; in July 27 and 14; in August 26 and 16; in September 31 and 16; in October 29 and 16; in November 30 and 17; and in December 27 and 17; even excluding re-exports here the difference would not be much; you find no month of 1920, in which there was not an excess of exports over imports. I would like to have some explanation why trade bills can find no ready adjustment except it may be because the exchange banks do not want to take any risk and wish to transfer all the risk to the shoulders of Government, that is on to the public tax-payer. If it was a merely artificial gain and loss, Sir, I would not mind it. There would be no real loss, if £100 were to be remitted from here on import trade and £100 sent back here in the export trade; whether the remittances are on a *1s. 4d.* or *4s.* basis it does not matter; it does not make the slightest difference; but this is not of that description; here really you are sending out money which need not be

really sent; in adjustment of trade you are merely the post office; [redacted] through the post office to a certain extent, remitting money at consid[redacted] loss when exchange banks do not undertake remittances not for currenc[redacted] stability but to enable certain persons who want to send money to do so cheaply, and get that money back when it is dear; that is the long and short of the whole matter. Then, may I ask this? We read in the papers that there are £120 millions applied for to be remitted by Reverse Councils. Well, we find that the whole capital of the joint stock companies in India is only 99 crores. I am of course referring to the paid up capital, not the nominal capital; the nominal capital may be anything. That was in 1917; during the last two years considerable additions have been made to this but not very considerable if we consider the amount of paid up capital; of course any company may advertise two, three crores or more nominal capital but that does not count. I ask where does this money come from? You might easily have assessed these people to excess profits tax because they made such huge sums of money which they got in at 1*s.* 4*d.* when the market rate was 1*s.* 6*d.* or more, and now that they have got a chance they press Government to facilitate their remitting money at 2*s.* 10*d.* Is it to the interest of the country to allow export of money from India when we want every pie that we can get to mobilise our industrial resources? As a question of policy I submit the present course of action is very dangerous. Of course there may be temporary advantage if the Europeans sell their shares and the Indians buy them; there is nothing which has not something good in it. But I would strongly deprecate it, because we are not likely to attract British capital for a long time and I should not like to drive away British capital, because we cannot have too much capital in this country. My submission is that you should not allow export of capital in this artificial manner with these artificial aids. And for whose benefit? I can very well understand the Secretary of State being cool and firm over it. I was reading in a telegram that if only England could send £60 millions or so in gold to America the cross exchange rate might be considerably bettered for London. I can understand that each country will have to build up its gold reserves; but the Secretary of State should not allow the people of India to entertain that suspicion, even though there may be no foundation for the suspicion, that exchange is being manipulated for helping the United Kingdom. I submit on the information available to us there is reasonable ground for entertaining that suspicion, and I submit it should be the policy of the Government to remove that suspicion. Therefore, I submit there is absolutely no justification for remittances in the past year; of course what has been done cannot be revoked; but I submit you should stop it from now. You have lost about 18 crores; you had to sell £24 millions, and you obtained 18 crores, I think, Sir, this 6 crores which I asked should be deducted, would be the approximate loss on the sale of £8 during the next four weeks. I cannot of course give the exact loss, having regard to the variation in exchange; and the object with which the figure £191,000 in the estimate was adopted, was to protest against Reverse Bills being sold during 1920-21 and securities being sold in an adverse market, whereas we might have a chance of sterling recovering. I do not want the Gold Standard Reserve or the British Treasury Bills to be now converted in an unfavourable market; but I think we should wait for a suitable opportunity; and there is no difficulty about waiting for that opportunity if we do not sell Reverse Bills. The Secretary of State has said that the 1*s.* 4*d.* rate should continue to be adopted in keeping accounts; and so long as we keep accounts that way there is no necessity for us to convert those funds at the rate of 2*s.* or at a higher figure. I would therefore strongly deprecate this Gold Standard Reserve or the other reserve being converted at the present moment. These, Sir, are the reasons for which I think I can ask the Government reasonably to re-consider their position and not sell any more reverse councils."

The Hon'ble Mr. W. M. Hailey:—"Sir, I am not at all sorry that my Hon'ble friend has raised this question, as it is just now occupying a

deal of public attention, and I am glad, therefore, of the opportunity making clear what Government's position in this matter is, and also, I hope, of clearing away some of the misapprehensions which undoubtedly exist in the minds of some of my Hon'ble friends in this Council. I am unable to accept the conclusions which Mr. Sarma invites the Council to endorse, and I am unable to accept his Resolution. At the same time, I wish to express my appreciation of the moderation with which he has stated his case, a moderation which has been singularly wanting in some quarters where the case has been argued against us. My remarks will, I am afraid, take a somewhat wide range and the Hon'ble Mr. Sarma will perhaps excuse me if in the course of doing so I re-state, though in a different form, some of the objections he himself has brought against our policy.

"There is a good deal in the present position which must be somewhat puzzling to the ordinary member of the public, and I do not think we have any right to complain that people generally should feel that this is a matter which requires explanation. Let us take in order the points as they no doubt strike the public. The first is this. They see, on the one hand, that India's trade is prosperous; there was an excellent autumn harvest and there is a promise of a good spring harvest. So far as the ordinary men can see, the balance of trade is not markedly against India; indeed, so far as actual merchandise is concerned, it is still in India's favour. Theoretically, therefore, there should not be any need for providing remittance to England. Yet he sees that the Government is not only selling sterling remittances weekly, but is selling them at rates which are usually more than 3*d.* above the rate which remitters could obtain in the open market: that is, it is obtaining fewer rupees for its remittances than it would if it sold them at the market rate. It is not unnatural, therefore, that this should appear to be nothing less than the giving of a bonus, at the expense of the Indian tax-payer, to those people who are fortunate enough to get a share of the allotment of Reverse Councils. I take a second point. The offer of these Reverse Councils would appear, as the Hon'ble Mr. Sarma pointed out, to be a direct invitation to people to transfer their investments to England. It is not surprising, I say, that Hon'ble Members, knowing the great demand that the internal development of India and the necessity for freeing ourselves of the incubus of our floating debt are likely to make upon all our capital resources, should feel somewhat perturbed at the sight of large transfers of capital out of the country. Thirdly, the transfer of capital puts a strain on the money market, reduces the value of Government securities, and raises the rate of interest at a time of the year when money is required to move our exports. And finally, there is the consideration, which I myself mentioned in my speech on March 1st, namely, that these sales of Reverse Councils operate very considerably to reduce the gain by exchange which would otherwise accrue to us. The sale of direct Councils at the present high rate of exchange would mean that London would have to pay more sterling to lay down rupees in India; that therefore would be a potential gain to us; the sale of Reverse Councils, on the other hand, means that we are receiving in India only about Rs. 725 for £100 in London, though this £100 cost us originally about Rs. 1,500 to deposit there. That at all events would be the case as it would be put by our friend, the man in the street.

"Now I have stated the facts as they would appear to the ordinary man: and now, in reply, let me go at once to the general principle which governs our sale of Reverse Councils. I need not, I am sure, go over again the reasons which prompted the Currency Committee to advocate linking the rupee on to gold. I know that my Hon'ble friend, Sir G. Chitnavis, expressed a desire to return to the old state of things before the rupee was linked on to sterling—which was then the same thing as gold—but I think that he alone of all those who have discussed the question in this Council, would desire to get back to a pure silver currency with open mints, and with no attempt to give our rupee any ratio to gold or to sterling. Nor, indeed, outside this Council, has the decision to link the

rupee to gold been seriously attacked. But the Committee, in linking the rup[illegible] gold, in their desire to make it possible for us to maintain our silver curre[illegible] by the purchase of silver on better terms than other people, took a high figure as the gold parity, namely, one-tenth of a sovereign; in other words, at the present sterling price of gold the rupee is bound to have a high exchange value, and it will not, when gold and sterling again coalesce, be below two shillings. Now let me pause to repeat once more some of the incidents attaching to the high exchange rate we have aimed at establishing. It is not only that it is intended to enable us to buy silver and thus save us from the nightmare of inconvertibility. It aims at more; we hope to do something to combat the high level of prices from which so many of India's population are suffering. I will add a further consideration, which is prompted by what my Hon'ble friend Mr. Banerjea and others emphasised during the general discussion on Monday last; it relates to the effect which we expect our gains from exchange to have on our ability to relieve Provincial Governments of their contributions. As the Council knows, we are hoping to reduce the all-India deficit to Rs. 6 crores. The result of this will be that the provinces as a whole will be Rs. 11 crores better off under the Reform Scheme than they would be otherwise. As I pointed out on March 1st we have only felt justified in making this reduction because of the considerable savings which, with a high exchange, will accrue to us in our home charges. I will not pursue this point further, because I think it must be obvious to every one here. All I will say is that Sir Fazulbhoy Currimbhoy's proposal that we should allow exchange to fall by stages to 1*s.* 4*d.* would be little short of disastrous in this particular respect. We should either have to take larger contributions from the provinces, or we should have immediately to introduce fresh taxation to finance the many schemes of improvement which the Reformed Councils will desire to introduce. Taxation may have to come for that purpose; but we desire to defer the day. I know that it has been represented that what we call gain is not a real gain, because what appears to be a saving to Government really comes out of the pockets of the people, that is to say out of the pockets of the producer. The argument may be stated as follows:—Money sent home is of course only equivalent to exports sent home. If Government has to send home £25 million at Rs. 15 to the pound it has to send 37½ crores of rupees, and the producer gets 37½ crores for his produce. By making the rate Rs. 10 to the pound Government will, of course, send only 25 crores of rupees and the producer will therefore get 12½ crores of rupees less. That is true as far as it goes; but the argument goes only part of the way. The same argument was, of course, applied when we raised the rupee to 1*s.* 4*d.*, and I do not think that anyone would now-a-days claim that the producer has suffered severely in the last twenty years. You call it an indirect tax; but you cannot deny that it is in many cases, perhaps almost entirely in the case of our monopoly exports, largely paid by the foreign consumer. And what is the alternative? A low exchange and high prices; increasing demands for enhancement of wages and salaries; and the social and industrial disturbance which comes from the attempt of wages to catch up the rise in prices. If you advocate a low exchange, let us, at all events be clear what it will cost the country. And if you want to abandon the Currency Committee's policy, do let us have—what we have not yet had—some definite, and clear-cut alternative.

"Well, Sir, I will continue my argument. It is an essential feature of our exchange policy, and I quote here the words of one of our critics, that we should "not only provide for remittance from London to India through Council Bills at approximately gold point, but from India to London in time of exchange weakness also at gold point through the sale of sterling remittance known as Reverse Councils' It is simply an alternative to the export of gold. This is no new matter—we have been selling Reverse Councils for years; we were selling them this time last year, and unless we do so the exchange policy does not become effective; that is, trade does not get the remittance it requires at the ratio fixed, and the whole policy of exchange breaks down. This is the reason, and the only reason, why we have sold Reverse Councils; that is, to help trade to

remittance at the fixed ratio. It is an effort in fact to maintain exchange as near as possible to the gold point.

"Well, Sir, so much for the reason for selling Reverse Councils at all. It is urged that there was no reason to follow our previous practice in this case because there is not a genuine trade demand for remittance and that, I think, is one of the Hon'ble Mr. Sarma's points. It is urged and has been urged elsewhere as well as by him that if the balance of trade is in favour of India, there cannot be a genuine trade demand for remittance Home. I reply that it is exceedingly difficult to separate the elements in the demand. You cannot gauge the balance of trade by looking to see whether ships are full or empty at that particular moment; we are dealing not with freight, but with the balance of demand for remittance one way or the other. We know that a strong and insistent demand exists. It is undoubtedly a genuine trade demand to a certain extent; that is to say that over and above remittances to pay for imports, which are of course of high value, there is the demand (in some cases antedated) on the part of companies for remittance of funds for the purchase of machinery. Part, I admit, is a demand by persons who merely wish to send their savings Home; and another part I also admit may be an actual demand by speculators. As I have said, it is difficult to separate the elements; just as it has been difficult for us to estimate the total amount of the money still awaiting remittance. We have been hoping weekly to see the end of this; to see export bills come out and the tide turn the other way. Our critics allege that in any case we have not achieved our object, since we have not maintained the theoretical exchange rate; there is a definite gap between the market rate, that is, the rate at which exporters are prepared to sell their bills, and the theoretical gold rate. That is so, but I maintain that the gap would be far greater if it were not for our sale of Reverse Councils; and the larger the gap the further off are we from the realization of that stability which the Currency Committee desiderated, namely, fixity of exchange in relation to two shillings gold. What would be the consequence if we yielded to the pressure placed on us and ceased to sell Reverse Councils at all? I can understand a demand that Reverse Councils should be sold by some different method, or at rates different from those at present in force, but I must confess that I cannot understand the demand that the facilities for the exchange of rupee into external currency should be entirely withdrawn. I see that in Bombay it is urged that we should let exchange find its 'natural level'. That is a catchword which does not impress me. Used in the sense in which that phrase has recently been used, there is no such thing as a 'natural level' in exchange, for, when one translates the internal currency into another currency, there must be some sort of common denominator to which both currencies can be brought; it may be gold, it may be silver, it may be sterling, or it may be Spanish pesetas, which we take as our basis. The rupee must be linked on to *something*, and, if it is so linked, then it must be at some definite rate, and this necessarily involves that we must sometimes be prepared to sell Reverse Councils in order to maintain that rate. If Reverse Councils be withdrawn entirely, then we should have neither a gold standard, nor a gold exchange standard, nor any kind of standard at all. I have no doubt that some of my friends here, who have followed me so far, have nevertheless in their minds an objection which they would probably put as follows: 'This may be all very well as a matter of theory: it may be the proper and orthodox thing to support exchange; but nevertheless the effort to support it is costing India a great deal of money; and that vast expenditure is unjustifiable merely in order to attempt, and to attempt with only partial success, to support the high rate indicated in the Committee's Report'. Well, Sir, if there is a loss, and what is this loss due to? It is due to the fact that the sterling resources, from which Reverse Councils are now being met, were remitted Home at a lower rate of exchange than that which now prevails. What I want to emphasise is that it is not the sale of Reverse Councils which produces that loss. The loss is there all the time potentially, and sooner or later it must become a reality. Take, for example, the sterling securities in the Paper

Currency Reserve. Sooner or later those reserves must be brought back to I[redacted] if not by Reverse Councils, then in the shape of specie remittances of silver gold, and, as soon as the re-transfer takes place, that loss immediately becomes apparent. There is no avoiding the loss, and the stoppage of Reverse Councils would not make it any the less real. There is only one way to avoid the loss; that is to get back to the 1*s.* 4*d.* exchange, and I have already described the consequences which this would, in my opinion, entail upon the people of this country. You cannot have the matter both ways. You cannot take the benefit of the gain by exchange, and at the same time hope to re-transfer your money to India at 1*s.* 4*d.* The loss you are now making should not be regarded as a loss; it is the expenditure necessary to earn the advantages which, I am convinced, this country will gain, both in respect of the saving in the Home charges and also in many other directions, from a high exchange. I must again remind those Hon'ble Members, who are inclined to grudge the reduction in our gains by exchange resulting from the sale of Reverse Councils, that if these are withdrawn altogether, and exchange be left unsupported, there would be little prospect of realising in the future the permanent exchange gain upon which we are counting. It is not a question of throwing good money after bad; it is a question of standing up to a certain amount of present loss for the sake of the future gain. Well, here again, I can fancy Hon'ble Members recurring to an argument which has been used more than once outside this Council and has been, I think, incidentally repeated here in the course of our discussions. I imagine the objector saying: 'This again is all very well—but why is there all that money accumulated at Home? Why have you had this big banking up of resources in London which have to come out again at a loss? Why, instead of investing in Treasury Bills at Home, did you not adopt the proper method of paying for India's own exports by sending out gold?' Well, Sir, I think the answer to that objection is simple. It is not the fact, as has been alleged, that we adopted during the war the perverse course of investing in London instead of bringing out gold or silver merely to conserve gold and silver for the London merchant or banker. In the first place, we brought out enormous supplies of silver. As for gold, I believe that every fair minded man would admit that the policy of investing in London, instead of bringing out gold, was in the interests of the whole Empire in a time of war, and not in the interests of the London money market. England, France, America, all found themselves under the imperative necessity of conserving their gold resources. I have seen the statement made that no neutral country would have consented to take payment for its exports except in gold; and that as England would not let us have gold during the war, England should now bear the loss which will occur in transferring our investments back to India. We have heard suggestions made to this effect in this Council two days ago. Well, I can only ask my friends here, was India a neutral country during the war or was it a partner in it? Should she in this matter claim different treatment from other partners, Canada for instance or Australia, which came under the same disability in regard to gold? And again are we to take all the profit of a rise in exchange, and is England which bore, and for many years to come will continue to feel the effects of, by far the greatest share of the Empire's defence, alone to finance the loss which will occur in realizing that profit?

"I turn now to the criticisms directed not against our policy in selling Reverse Councils, but against some of the features incidental to that sale. Let me take first the criticism which is based on the difference of about 3*d.* in the rupee between the rate at which we have been selling Reverse Councils and the market rate. I have touched on the point before; but wish to deal at greater length with it here, because, probably, but for the existence of this difference we should have heard nothing of these objections to the recent sales of Reverse Councils. That difference, as every one knows, is due mainly to the severe slump in the sterling-dollar exchange which occurred just about the time the Currency Committee's Report was published. Now on this point, while

[redacted]t that the present difference between the two rates certainly acts as a [redacted]ulus to remittance, or at any rate incites people to make their remittances to England as quickly as possible rather than spread them out throughout the year as they would otherwise do, I must nevertheless point out that it is by no means an essential part of the Currency Committee's policy that there should at all times be an exact correspondence between the rate at which Reverse Councils are sold and the market rate. I do not wish to press this point too far, because the present divergence between the rates is so marked. On this matter I will say no more at present than that we have kept the Secretary of State very fully informed of the feeling in India on the subject. We are in hopes that he will agree to measures recently proposed by us which we believe will bring the two rates more closely together: we are awaiting his reply; and we believe that if that be done, much of the present artificial stimulus to the remittance will be removed, and I am inclined to think that a great deal of the present criticism will lose its force.

"I take a further point of criticism, one of detail rather than of principle; I mean the discrimination which we have exercised in the matter of refusing or accepting tenders. The reason for this discrimination was explained in a communiqué issued on February 23rd, and was due to the fact that speculators and profiteers, who had no real necessity for remitting, were taking advantage of the situation in order to snatch a considerable profit, thereby reducing the amount of Reverse Councils available for *bonâ fide* remitters. It is common knowledge that at one time people who had obtained allotments of Reverse Councils from us had been able to re-sell them at a profit of several pence in the rupee. Others have sent money Home, by way of speculation, in the hope that, if the agitation for the withdrawal of Reverse Councils is successful, so that exchange will break to a lower level, they can re-transfer their money at a profit. Our officers have applied this discrimination as best they can, but I am sure that every business man here will agree with us that it is a most difficult and a most invidious task. I do not think that in fairness to our officers it is a task which we can continue to lay on them, and I am ordering its discontinuance.

"And now, Sir, I have dealt, I hope, perfectly frankly with the bulk of the criticisms directed against our policy. I would willingly have concluded here. But I cannot do so, without alluding to a type of criticism which has endeavoured to import into what is after all only an economic problem accusations which I cannot pass over in silence. These criticisms, I admit, have not come from within the Council; though I have heard them hinted at here; but if I am not strictly in order in referring to them, I claim the indulgence of the Council in this respect. It has been represented that our present action is only the continuance of a policy which has been deliberately directed to the furtherance of British interests as against Indian; it has been contended that during the war we kept exchange artificially low, in order to benefit the Home Government, and that subsequently we have kept it artificially high in order to benefit British merchants; and finally it is now said that our policy in respect of the sale of Reverse Councils is pursued definitely in order to benefit Europeans. I see that the phrase 'organised loot' has obtained a temporary popularity in certain quarters in Bombay. I have even heard the expression 'embezzlement.' I have only recently assumed charge of my Department, but I am, subject to such control and united action as the constitution of India requires, for the time being the custodian of its traditions and its honour. When I look back on the list of distinguished men who have held the post of Finance Member, in the last twenty years I ask myself against whom do you bring the charge of criminal conspiracy? Sir James Westland, Sir E. Law, Sir E. Baker—were they the tools or the allies of London bankers? Was Sir Guy Fleetwood Wilson, who left India with such testimonies of respect and goodwill as have fallen to the lot of few, and whose bust was placed by the non-official Members of this Council by the side of that of Mr. Gokhale, was he one of these criminal conspirators? Sir William Meyer's strenuous guardianship of Indian finances during the war deservedly won him the good

will of India; would any body here dare to bring a charge of tha[redacted] against him? Do you bring that charge against Lord Meston or [redacted] Mr. Howard? Then again, Sir, the Secretary of State is the custod[redacted] of India's finances in Parliament. It would be entirely out of place for me here either to criticise or to defend the Secretary of State, but when you bring a charge of that nature, you must include him also in the conspiracy. I come to myself; but as for myself I care nothing. I care only this, that the Council will allow me to repudiate those charges against the fair name of my predecessors and my Department. I say this to our critics. The financial policy pursued in the difficult years of the war may have been right or it may have been wrong; we are all entitled to our own opinions on that. The policy of the Currency Committee may have been right or it may have been wrong; we are all entitled to our opinions equally on that point. The steps which we are now taking to attempt to support the policy of that Committee may be right or they may be wrong; you may criticise us on economic fact or economic theory and we will welcome your criticisms, for they may help us; but I warn you to beware of suggesting that men whose one object and one thought has been to serve India, have joined in a criminal conspiracy to squander her resources."

[The Council adjourned at 8-10 P.M. to re-assemble at 9-30 P.M.]

The Hon'ble Sir Fazulbhoy Currimbhoy:—"Sir, I beg to support the Resolution moved by my Hon'ble friend Mr. Sarma. We have been able to find out the policy of the Government of India in regard to Reverse Bills by this Resolution.

"Sir, I have to express the views of the commercial community of Bombay who feel very strongly on this subject, and if in giving expression to their views I have offended the Hon'ble the Finance Member, I should feel sorry."

The Hon'ble Mr. W. M. Hailey:—"Sir, might I interrupt the Hon'ble gentleman. I have never had to complain of any expression that has been used by any member of this Council in connection with this matter. I tried to make that clear before; I wish to repeat it now."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"I am sorry I am not convinced by all the arguments used by the Hon'ble the Finance Member, in defence of his policy, but at this late hour, if I go into their discussion it will take nearly two hours and still, I believe I will not be able to convince the Hon'ble Mr. Hailey . . . .

The Vice-President:—"I must remind the Hon'ble Member that he has only a quarter of an hour."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"Sir, the Hon'ble the Finance Member wants to stick to the policy recommended by the Finance Committee, *i.e.*, of selling Reverse Bills connecting with the cross rate of exchange between England and America. But if I have understood him rightly, while he says that they are going to stick to this policy, he also says that he has recommended to the Secretary of State to allow him to sell the Reverse Bills at the competitive tenders. I understand he has submitted to the Secretary of State a scheme by which he will be able to sell the Reverse Council Bills at nearly the actual rate of the market. If this is so and if the Reverse Bills are sold at nearly the parity market rate, then he will not be selling these Reverse Bills at the cross rate between America and England. That is what I have understood by his speech. I congratulate the Hon'ble Member on his desire to sell the Reverse Council Bills at lower rates. He has himself admitted, that, when he sold the Bills at 2*s.* 11*d.* there was a lot of speculative tendency in the tenders which were given. I know for a fact that the exchange banks were selling their exchange bills at 3 to 4*d.* less, and therefore, as the people were getting 3 to 4*d.* more, and as everybody wants to make money, there

any tenders. Really speaking, there was not a genuine demand for ers.

I will just take only two or three minutes more to express the feeling of the Indian Merchants' Chamber If the Government wishes to stick to the policy of the Currency Committee, surely they can stick to that, and, if the exchange goes down below two shillings, then they can sell these Reverse Bills. Sir, the Hon'ble Member has admitted that the first Reverse Bills were given to people in proportion to the tenders which they submitted. Later on, the policy was changed, and, as there was a lot of speculative demand, the Government decided to give only to the genuine people and for not less than £10,000 tenders. Sir, there is a strong feeling among the commercial community that the other policy should be adopted, namely, that of selling Reverse Bills by tenders and accepting the tenders of the lower amounts. I thank the Hon'ble Member for doing his best and approaching the Secretary of State, and I am sure he will be able to induce the latter to agree to his proposals.

"The Hon'ble Member also complained that no constructive proposals had been made to him. Sir, I had made one or two proposals, the first was of not selling Reverse Bills under two shillings which was the rate fixed by the Currency Committee, and the other was of fixing the acquisition rate of gold at from Rs. 10 to Rs. 12. There was another proposal, to which I referred in my budget speech about bringing the exchange down to 1*s.* 4*d.* When I spoke about that I never meant that it could be done within six months or twelve months; I know that it is not practicable to bring down the exchange to 1*s.* 4*d.* without inconvertibility; that is impossible now; but in the distant future it is the belief of many people, including myself, that silver prices will go down, when India will largely import gold; and if India is not a big buyer of silver, surely the silver rate will go down. Mexico is also producing more; the total production before the war was 220 millions and during the war it came down to 170; but now Mexico is trying to produce more, and I believe that if India one of the largest consumers, is not buying largely and if the silver comes down the Government will not try to keep up the exchange to 2*s.*, if it is naturally coming down to 1*s.* 4*d.*, 1*s.* 6*d.*, or 1*s.* 8*d.*, later on in two or three years I am entirely against inconvertibility or debasement of the coin, because that will be misunderstood in a country which is uneducated and will bring more trouble, and that is the opinion also of many of the members of our Indian Chamber.

"Sir, as I said before, I do not wish to argue all the other points mentioned in the debate, but I want to know if the Hon'ble the Finance Member is going to sell Reverse Bills at the approximate near rate of the real exchange, how he is going to keep in with the policy of having the rates kept up with a cross exchange rate."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I beg to move for an adjournment of this debate. My reason for it is this, Sir. I have not been able to understand that there was any necessity to have this debate continued at this late hour in the evening. I find several members have not been able to come here; the Hon'ble Sir Dinshaw Wacha, who is a great authority on this question, is not here; the Hon'ble Mr. Surendranath Banerjea is not here. Of course if there is a necessity for continuing the work of the Council till late in the evening no member would object and we might sit till the next morning. But I have not been able to find in the circumstances so far appearing in the debates or in the work of the Government, that there has been any actual necessity to justify our being called to meet this evening at this hour. I may say that ordinarily when we finish our work day after day in the day time, unless there is some very overpowering reason, the continuance of the meeting at a late hour results in unfairness to those members who may want to continue the debate at some length. It necessarily leads to a desire to shorten the discussion and not to prolong the debate. For these reasons I beg to move an adjournment of this debate."

The Vice-President:—"I am afraid the Hon'ble Member [redacted] understand our position; he has not been present at many of our m[redacted] this Session and does not know how very full of work we are. It is [redacted] impossible to adjourn now. We have got a very full day to-morrow, and unless we sit late to-night we shall have to stay late to-morrow."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, of course it is for you to decide whether the meeting shall be adjourned or not and the motion is to be put to the Council; if it is so, I shall only say this; I have unfortunately not been able to attend a few meetings of Council this Session; but from what I see of the importance of this discussion on the subject that is sufficient to justify my request. Once a year we meet for the budget; the resolutions put down relate to the budget and full opportunity should be given to discuss these resolutions; and I have not been able to see any justification for the view that the Government work is so heavy that one day more, or a few hours more, could not be set apart for this discussion to-morrow. If there is work set down for to-morrow, I do not know why this should not have taken precedence over that work; at any rate I do not see any justification, and I think the matter must be put before the Council, unless the rules enable you, Sir, to decide the matter without reference to the Council. I have nothing more to say, but I think the matter is one which should be put to the Council."

The Vice-President:—"It is for the President to adjourn the Council and not for the vote of the Council. If the Hon'ble Member desires to speak on this Resolution, I give him the opportunity now."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I should like to say what little I can at this hour on the question which is now before the Council. The Hon'ble Finance Member has placed the history of the whole question of exchange admirably before us; he has also told us enough to remind us of the difficulties which surround this problem of exchange. The calamities which India and Indians have suffered and the heavy losses they have had to pay for on the score of exchange is all matter very well known to members of this Council. At this juncture the point before the Council is not what the right policy to pursue is in regard to the general question of exchange. The issue before the Council raised in the Hon'ble Mr. Sarma's resolution is a very simple one and has reference to the sales of reverse councils. Now, Sir, with a great deal of what the Hon'ble Finance Member has said nobody would disagree, and I think I may also say that every body sympathises with the difficulties of the situation which he has to meet. I think most people, if not all, will agree also that he has put the whole case with admirable clearness, and that he has enabled us to understand the question in a better form than probably we may have been able to do without such a clear statement. They will also agree that the question is not free from difficulty and that with the two alternatives which the Government had before them if the Government decided to adopt the report of the majority, not many people will be inclined to quarrel with the Government. But the question before the Council is, as I said, a very short one; and in discussing this question Members of this Council might very well, though they might reject the attack made in strong language on the action of the Government, they might be excused for not being responsible for those attacks, and they might therefore not take upon themselves to answer them either. I think the strong language used, as the Hon'ble Finance Member pointed out, seemed to my mind unjustifiable. There is no suggestion that members of the Government or the Finance Member or those who preceded the Hon'ble Mr. Hailey have intentionally done anything against which they have to defend themselves. As the Hon'ble the Finance Member himself said, he would welcome criticism relating to the proposals before us. We, Members of this Council, find it a difficult task to offer such criticism. But there are certain points which emerge

discussion and from the statement. So far as the sale of reverse ...s is concerned, I find it stated in the summary of conclusions to the ...port of the Committee appointed to inquire into Indian Exchange and Currency, that the 12th conclusion runs as follows :—

'Council drafts are primarily sold not for the convenience of trade, but to provide for the Home charges in the widest sense of the term. There is no obligation to sell drafts to meet all trade demands; but if, without inconvenience or with advantage, the Secretary of State is in a position to sell drafts in excess of his immediate needs, when a trade demand for them exists, there is no objection to his doing so, subject to due regard being paid to the principles governing the location of the reserves.'

"Now Sir, that is the recommendation of the Committee, the question then arises, were these drafts sold to meet trade demands, the balance of trade, the principle that we apply to direct sale would also apply to reverse sales. The question as it is raised here is that we have to see now what these reverse sales come to. My point in drawing attention to this recommendation was that there is no obligation to sell drafts to meet trade demands, that is the point which I wanted to make. The recommendation is that if it is necessary to sell reverse Councils in order to adjust balance of trade, that if it would be to advantage of India to sell reverse Councils, then only should reverse Councils be sold. That I take it is the recommendation. What has been done here? Have the reverse Councils been sold solely in favour of India, for the benefit of India.

"I find it said here in page 127, paragraph 20, of the Statement of the Hon'ble the Finance Member that 'when we are selling reverse Councils, our accounts will show a credit of rupees 150 lakhs for every million sterling we have sold, whereas the actual payment made to us by the purchasers of the reverse drafts only amount to Rs. 75 lakhs, the difference being debited as loss on exchange.

"Now, Sir, that is the real result of reverse sales, and further we find it stated that during January and February the Government sold 16½ millions of reverse Councils on which they would incur a loss of 12 crores. At page 125 we again find the Hon'ble the Finance Member saying 'The much greater amount of sterling that could be purchased by a given number of rupees naturally provided a great incentive to people, with accumulated funds in India, to remit these to England. The demand for reverse Councils came unprecedentedly great and the exchange markets could have absorbed considerably more than the £11 million of reverse Councils which we sold during February. This fact resulted in a considerable divergence between the gold rate at which, following the Currency Committee's policy, we have been selling reverse Councils at the actual market rate. Speculators and profiteers have not been slow to take advantage of the situation. Then it comes to this that it has not been shown that it was necessary to sell reverse Councils to the extent that they have been sold in order to keep the exchange where it could have been kept, and that is the question on which we wanted to have a Committee. Up to this time we do not see any justification for the extent to which the reverse Councils have been sold. I hope when the Hon'ble the Finance Member speaks again he will try to help us with further information on this point. It is clear from the Statement that speculators have come in to profit by the reverse sales; it is clear that a great deal of money has gone to them. If it is not merely to help trade altogether it has been to the advantage to the persons who had accumulated funds in India and as it is stated when they accumulated funds in India they tried to remit these to England, and in this connection they have been stimulated and encouraged to remit these funds to England because of the reverse sales. I hope I am quite right in stating this. If this has been so, it is obvious that there has been too much of reverse Councils sold, and am glad to find that the Hon'ble the Finance Member has told us that he is in communication with the Secretary of State in order to bring the rate as near the actual market rate as possible. The difference which has been lost, unfortunately the

amount that has been lost, I fear, is irrevocably lost, but it is great consol[illegible] to know that it is going to be rectified and I hope it will be rectified, but on[illegible] general question I hope that this discussion will have the result of preventing reverse Councils sales to the large extent to which they have been sold unless there is a real and just explanation forthcoming."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, in putting forward this Resolution before the Council my attempt is to represent the interests of the general tax-payer; of course the general tax-payer's interest and the commercial man's interest are to some extent identical, although they may not necessarily be always so. We desire to promote the interest of commerce consistently with the general safety of the country and that is the reason why I did not go into the intricate question as to whether a high exchange or low exchange rate would be beneficial to the country. It is a very controversial question and is not one that is likely to be satisfactorily settled in the very near future or by a short discussion on it here. But Sir, the point that I tried to make was that there is no reason whatsoever for the sale of Reverse Councils here at all, because the position justifying their sale has not arisen. The Hon'ble Mr. Hailey said that it is difficult to discriminate between what is required for genuine trade purposes and what is not. If there be any difficulty about discriminating between the two, assuming that there is a genuine trade purpose, then the argument will go to some extent in explaining the position of the Government. But Sir, my point is that there can be no genuine trade purpose at all under the circumstances, having regard to the existing state of the export and import market.

"Then the other important argument which has not been clearly met by Mr. Hailey is that we are not linked to any particular market, whether it be a British market or any other market. If our exchange were linked on to sterling then I can understand the necessity for an obligation on our part to maintain the exchange level at that rate. I take it that we are linked on to gold, and the duty of the Government of India would be to maintain exchange at the gold rate. In that case the United Kingdom or any other country would stand on exactly the same footing, from the legal as well as from the commercial point of view. Therefore we shall have to maintain the rate of exchange with gold at 2 shillings or so many grains of gold per rupee and keep it there. There is no tendency of weakness in the exchange market for the rupee going below 2 shillings, and apart from the question as to whether there is any adverse trade balance against India which justified the sales of these Reverse Councils, I ask the Government to consider whether the recommendations of the Currency Committee would support their selling reverse bills and at the present rates. The Government of India is not bound to maintain, from moment to moment, from day to day the course of the exchange rate as between England and America, I think that will be too much for us to undertake. Even at the rate of 2 shillings the Commissioners were extremely doubtful whether the Industrial interests of India would not be jeopardized, and Indian industrial interest would be seriously hampered by the high rate of exchange. That they would be hampered was admitted, and the only question was whether they would be seriously hampered or only slightly hampered Therefore, we shall have to be very chary in fixing our rate of exchange so that we shall not kill our nascent industries and also turn the balance of trade against us and make us a debtor country instead of a creditor country in at least those matters where we occupy the position of creditors.

"The other point is that we are really abandoning the only solid advantage we might get under the recommendations of the Currency Committee, namely, that we shall get gold into India comparatively cheap so as to link our currency really with gold in the true sense of the term, by possessing at the back of our currency gold in circulation and in the reserves so that we might make silver to a large extent—gradually, completely, subsidiary in the true sense of the term. That advantage we are absolutely foregoing in addition to undertaking the burdens and disadvantages attendant upon a high exchange,

recommendations of the committee are that the paper currency reserve a proper proportion of the gold reserve must be in India, at any rate half the metallic portion must be in India; therefore anything in excess of the treasury balances required for the Secretary of State purposes must be sent on to India. Then again we need not worry ourselves very much just now about the gold standard reserve, because there is no gold there. The net result is, and must always be the dissipation of our gold stock or what was intended to be converted into gold. For otherwise how is the Secretary of State to meet the Reverse Councils? either with the gold there or by the sale of Treasury Bills. That means in effect that we are intercepting the imports of gold or virtually exporting gold, you may put it that way if you like, intercepting gold which might have come to India or really encouraging the exports of gold, assuming that it has come here technically. But I think these are the further considerations that I place before the Council in addition to those which I have already urged. The main position stands, namely there is no adverse balance, there is necessity for importing more gold into this country, there is no real export point, and consequently the conditions under which the Reverse Councils have to be sold do not exist.

"Then, again, if I understood rightly Government themselves admit that the world's market rate for gold is more closely approximate to the rate at which Government has been selling it. If so, the observations which have fallen from the Hon'ble Sir Fazulbhoy have considerable weight. We shall be in adopting this fictitious rate about which experts themselves are so very dubious landing ourselves in an endless sea of trouble. We are launching ourselves in a sea of speculation and we need not add to our troubles, I think, by losing so heavily from day to day in order to support a theoretical standard which does not really exist."

The Hon'ble Mr. W. M. Hailey:—"Sir, I began my first answer to the Hon'ble Mr. Sarma at an early stage of the discussion in the evening by expressing my gratification at the opportunity which his resolution afforded us of explaining our views, our position and our intentions with regard to the sale of Reverse Councils. I reiterate that sentiment of gratification now. I do so because it has brought from Mr. Sarma, I think, a recognition of some of the difficulties of our position. It has brought from him also, I think, a recognition of the fact that our intentions in this matter were clear and aboveboard; that there was no desire or intention on our part of supporting European trade, there was no intention of doing anything else, than to attempt to support the rate of exchange which was indicated by the Report of the Currency Committee. I welcome the expression of opinion which has fallen from the Hon'ble Pandit Malaviya that the prejudice which it has been attempted to import into this question was in itself unjustified. I welcome also what the Hon'ble Sir Fazulbhoy said in the same sense. I intended to take, I hope I did take, particular pains to explain that in what I said in the latter part of my speech regarding the manner in which this question had been treated outside this Council, I was dealing entirely with outside criticism; I was taking the only course which it is possible for a member of the Government to take in dealing with criticisms of that nature, and I was in no sense resenting, criticising or in any way objecting to the manner in which that question had been approached by members of this Council.

"Now, Sir, in my speech I tried to place before the Council very frankly and fully each and every one of the objections which I thought could be brought by the public against our present policy, and I tried to meet those objections. I am still left with a doubt as to whether the Hon'ble Mr. Sarma and his friends who have supported him here, think that we are bound immediately to stop the sale of Reverse Councils. They have advanced considerations as to the undesirability of our action, but they have not in my opinion met the substantive arguments which I put forward to show that for the present it was our duty to attempt to support the policy of the Currency Committee. It is true that the Hon'ble Sir Fazulbhoy Currimbhoy did

suggest an alternative course of action; but he himself did not se[redacted] be very strongly persuaded of its feasibility. He suggested that we [redacted] endeavour to work back to the old parity of 1*s.* and 4*d.* sterling. But he admitted that it would be many years before we could work back such a figure, even if we decided to attempt to do so. He recognised, I think, that in the interval we must give up any idea of realising our anticipated gains from exchange, and I have already emphasised here the importance which we attach in connection with the development of the country to making some of those gains from exchange; the uses to which we intend to put them, are, I believe, such as will commend themselves to the Council. He will, I believe, agree with me that a return to the 1*s.* 4*d.* rupee, even if possible, would involve a rise in prices of food grains and the like which might provoke severe social disorder in this country. His ideal of an eventual 1*s.* 4*d.* rupee, as he himself admits, depends entirely on a heavy fall in the price of silver. The Currency Committee very carefully considered the possibilities of the fall in the world price of silver; they themselves were pessimistic on the subject; he is much more optimistic. I can claim no gift of prophecy and must leave others to judge between the two views. But he himself, as I think his speech has clearly shown, admits that if we try to work back to a low exchange and if silver does not fall, then we will have to face inconvertibility, and he himself, (and I heartily welcome his statement on the subject) is of our own opinion on this subject; he himself fully admits that neither inconvertibility nor a debased coin is a desirable thing for India.

"I find it necessary to refer—I do not intend to keep the Council at any length—shortly to what the Hon'ble Pandit Madan Mohan Malaviya said on the subject of our obligations to issue Reverse Councils. He read from the report of the Currency Committee an extract referring to direct councils. He did not refer to the following paragraph in which that Committee lays down its policy in regard to Reverse Councils, and I will trouble the Council with it. You will remember that the Hon'ble Pandit said that we were under no obligation to issue Reverse Councils merely to provide facilities for trade. What they actually said is this:—

'The Chamberlain Commission recommended that the Government of India should make a public notification of their intention to sell in India bills on London' (that of course is Reverse Councils), 'at a price corresponding to the gold export point whenever they were asked to do so, to the full extent of their resources. We agree entirely with this recommendation.'

"Now the Hon'ble Pandit would have put the case very much more completely . . . . ."

The Hon'ble Pandit Madan Mohan Malaviya:—"May I, Sir, invite the attention of the Hon'ble Member . . . . ."

The Vice-President:—"The Hon'ble Member is only entitled to make a personal explanation; I will not hear him on anything else."

The Hon'ble Pandit Madan Mohan Malaviya:—"I wanted to draw his attention."

The Vice-President:—"I call upon the Hon'ble Member to resume his seat while I rule."

The Hon'ble Pandit Madan Mohan Malaviya:—"Thank you, Sir, I beg your pardon."

The Vice-President:—"I will allow the Hon'ble Pandit to make any personal explanation he desires to do, but I cannot allow him to make any other speech."

The Hon'ble Pandit Madan Mohan Malaviya:—"I wanted to explain what I said on the point which is being dealt with by the Hon'ble Finance Member; I wanted to invite attention to this sentence in the report of the Currency Committee at page 3."

The Vice-President :—"Really, really, this is not a personal explanation."

The Hon'ble Pandit Madan Mohan Malaviya :—"Very well, Sir, if it is not then I have nothing more to say."

The Hon'ble Mr. W. M. Hailey :—"I am not, Sir, accusing the Hon'ble Pandit of attempting wilfully to mislead the Council ; I am only pointing out that he has made a mistake, and that the policy of the Currency Committee actually was that we should sell reverse councils up to the extent of our resources whenever we were asked to do so. And that is emphatically what we have been trying to do. If we have failed in narrowing the gap between the market price and the theoretical gold price of the rupee, if we have failed to do that, it is not because we have sold too many reverse councils, as I think the Hon'ble Mr. Sarma suggested ; it is because we have sold too few. I put it to any member of the commercial community here, and I put it without fear of contradiction, that if our resources had enabled us without unduly tying up the Indian money market, to sell straight away 20, 30 or 40 millions of reverse councils, we should probably have had no gap between the market price of the rupee and the theoretical gold price of the rupee at all. One of our difficulties has been, not that we have sold too many reverse councils, but that we have been obliged to sell too few.

"Then, Sir, I have one remaining point. The Hon'ble Sir Fazulbhoy Currimbhoy stated that he approved of the intention to which I had given expression of attempting to narrow the gap between the market rate and the theoretical rate of the rupee ; he assumed that we should endeavour to do this by selling reverse councils by tender. He has jumped somewhat hastily at a conclusion which I do not think was fully justified by the statement I made to Council. I merely said that we were in correspondence with the Secretary of State ; that we had put before him a proposal which I hope would have this result ; but as to the exact method which we have recommended to the Secretary of State, I am not at present able to make any communication at all. Sir, I leave the matter at that. I have, as I said before, tried to explain the whole case very fully and very frankly to the Council. I think the Hon'ble Mr. Sarma would himself admit that I have put before the Council practically every objection that he or any of his friends could think of to our policy of reverse councils. I have asked, and I think I have asked in vain, for some clear indication from the Council as to what policy we should adopt instead of selling reverse councils, and failing any answer to that question, failing from them any clear indication of policy, failing from them any indication of a better line of action than we ourselves have been pursuing, we, I think, are only able to continue in the course which we have mapped out for ourselves."

The Resolutions were put and rejected.

RESOLUTION *RE* GOLD MINT AT BOMBAY.

The Hon'ble Rao Bahadur B. N. Sarma :—"Well, Sir, I understand that there is no objection to making some provision for the continuance of the establishment of a Gold Mint in Bombay, and some provision is intended to be made. The figure 120,000 in my resolution ought to be Rs. 1,20,000, and I shall formally move my resolution and leave it to the Hon'ble Mr. Hailey to explain what he wishes to do. I beg to move formally the following resolution :—

'This Council recommends to the Governor-General in Council that the budget figure during 1920-21 under Expenditure 17—Mint be increased by Rs. 1,20,000 to provide for the charges for a Gold Mint'.

The Hon'ble Mr. W. M. Hailey :—"Sir, I have to thank the Hon'ble Member for the succinct and very friendly way in which he has moved this resolution. It is a fact that we have no objection whatever to

making such provision as is necessary for the re-opening of the Gold [redacted] May I explain the following facts to the Council? I shall not occupy [redacted] of their time in doing so. The proclamation opening a branch of the Royal Mint at Bombay was issued on the 16th February 1918. A certain number of sovereigns were coined, but the greater part of the time of the Mint was occupied in coining Gold Mohurs, which had to be issued at a time of exceptional pressure for currency and before the arrangements for the issue of sovereigns were fully completed.

"It was closed in March 1919. The only reason why it was closed was that the two officers sent out from Home were in ill-health and had to return to England. It is our intention to follow the recommendations of the Currency Committee's Report and re-open the Mint as soon as it is required. I may say that it can hardly be required in the immediate present because we have a large holding of sovereigns in our Currency Reserves. It was eight millions up to a week or so ago, and, of course, owing to the fall in the internal premium on gold that number is likely to be augmented by the presentation of sovereigns for notes in our treasuries. But, Sir, as soon as a state of things arises when gold is likely to be presented at the Mint, we shall apply to the Secretary of State for the services of officers to replace those who have gone Home ill and we shall re-commence operations. Last year we budgetted for an expenditure of Rs. 1,20,000—I do not know whether the Hon'ble Mr. Sarma would like us to include in the Budget any definite sum on this account; if he would, as a guarantee that we intend to continue the operations of the Mint, I shall be very glad to put a sum of say Rs. 50,000, which, I think, will be quite adequate for the purpose, into the Budget. If that will satisfy him, I shall be very glad to accept his Resolution to that extent."

The Hon'ble Rao Bahadur B. N. Sarma:—"I accept that with thanks."

The Vice-President:—"Does the Hon'ble Member wish to press his Resolution? I cannot accept an amendment under the Rules."

The Hon'ble Rao Bahadur B. N. Sarma:—"Except with the permission of the Council and with your permission."

The Vice-President:—"The Budget Resolution rules do not provide for amendments at all. I suggest the Hon'ble Member may be satisfied with the Finance Member's assurance that he will provide Rs. 50,000 in the Budget for this purpose."

The Hon'ble Rao Bahadur B. N. Sarma:—"I am satisfied."

The Vice-President:—"I think I may say that the Resolution is by leave of the Council withdrawn."

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Thursday, the 11th March, 1920.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 58 Members, of whom 50 were Additional Members.

SUPER-TAX BILL.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I beg to move that the law relating to super-tax be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoy Currimbhoy, the Hon'ble Mr. Sita Nath Ray, the Hon'ble Mr. Moncrieff Smith, the Hon'ble Mr. Paton, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks and myself, with instructions to report on or before the 20th of March 1920.

"In introducing this Bill, I offered a few general remarks on its purport, and I now propose shortly to supplement these The main purport of the Bill is, as the Council are already aware, to substitute a super-tax at a flat rate of one anna on the income of companies for the present rate of from one to three annas on the undivided profits. We have been reproached with departing from the true principle of the super-tax, which is taxation of the individual; but I am not sure that the Council will demand any justification of our action in proposing the present taxation. The old tax was admittedly undesirable, and we were under an obligation to amend it, but we cannot afford to forego the revenue which companies brought us under the super-tax head. It is not a question of economic propriety; and I do not therefore here enter into the discussions which have engaged the energies of economic writers, on the subject of corporation taxation; it is a question mainly of convenience. I do not believe that the incidence of the tax is such that it will either form a burden to existing, or hamper the creation of new, industries. At the worst, I expect to see only some slight re-adjustment in the capital value of shares.

"It will be noted that while taxing companies on the new basis, we at the same time retain the existing super-tax on individuals, unregistered firms and on Hindu undivided families. We continue to treat the unregistered firm as an individual for super-tax purposes, because we have no means of accurately gauging the shares of its component members. It is for the same reason that we continue to treat the Hindu joint family as an individual. The Council will remember the long discussions which took place on this subject in connection with the Hon'ble Mr. Sarma's amendment on the Income-tax Act of 1918. We did our best to meet the case as then presented to us; we considered with great care the various suggestions for treating the members of these families on an individual basis. We took into consultation several Hindu gentlemen skilled in the law; and we came reluctantly to the conclusion that there was no practicable or workable method of doing so. Indeed, we doubted whether a strictly legal interpretation of the law regulating such families would allow us to do so. We have gone further, and have not reproduced in the present Bill the provision of the existing Act, which allows

of the deduction from the income of a Hindu joint family of any sum ex[redacted] for the maintenance of any member of a family or finally allotted to [redacted] We are advised that such deductions are liable to abuse; that it is possible to write off as expenses large sums which cannot properly be so called.

"Now as to registered firms; we have decided, since they do not stand in the same position in regard to corporate effort and protection against liabilities as companies, to treat their component shareholders as individuals. Some doubts have been expressed as to the meaning of the words registered and unregistered. The definition will be found in the amended Income-tax Bill which I have introduced to-day, and as I have said in introducing that Bill, if the definition presents difficulties, we hope that the matter will be considered, and the difficulties removed, by the deliberations of the Select Committee.

"So much for the main effect of the Bill; a second point at which we aim is the simplification of procedure by basing the Super-tax Act on the new Income-tax Act instead of the obsolete Act of 1886. The simplification in working will be great, since the assessment will now be on exactly the same basis as the ordinary income-tax. The point is not without importance in connection with an enquiry which has been addressed to us as to the definition of the term 'Income' for the purpose of the new super-tax in regard to companies, particularly insurance companies. The assessment will be on the same basis as now in force for the income-tax; the word is not defined in the Act, but I shall be glad to lay before the Select Committee the current instructions in regard to the method of assessment. Here I merely wish to emphasise that there will be no change of method.

"There is one final point, but an important one. The new form of taxation involves in some cases a payment of both kinds of super-tax; that is to say, an individual whose dividends have already paid the flat rate of one anna in the rupee, will, if his income exceeds Rs. 50,000, be called upon to pay super-tax also as an individual. The Council will not, I think, consider this to be an undue hardship. The double payment will affect only those whose income, including income from dividends, are over Rs. 50,000, and will affect them only to the extent that such super-taxable income is derived from dividends. In the most extreme case, and I take an extreme case so as to show the matter in its worst light, one of our millionaire friends would pay three annas in the rupee on so much of his income as exceeds two lakhs a year, while so much of his income as is derived from the dividends of companies whose total income is over half a lakh will have paid at source one anna in the rupee.

"I now beg to move that the Super-tax Bill be referred to the Select Committee named by me."

The Hon'ble Rao Bahadur B. N. Sarma.—"My Lord, I had hoped that the Government would have been in a position to consolidate the Income-tax Act and the Super-tax Act so as to bring the tax-payers under one enactment and free the income-tax payer and the super-tax payer from many of the difficulties to which they are exposed under the present laws. I suppose pressure of work in the Council might have prevented the Government from undertaking that task. I hope, however, that will soon be undertaken.

"To the regret of Hindu joint families we find that the Hon'ble the Finance Member chooses to go further and make their position more intolerable than it has been under the previous Act. We were complaining that the effect of the law was practically to discourage the continuance of the Hindu joint family system as it was. The Government expressed their sympathy with us and said that the only obstacle was the inability on our part to point out a method whereby they could adjust taxation so as to fall on the right shoulders. I believe, my Lord, that that is not an insuperable task, and if the brains of the Government officials, let alone those of the poor non-officials who are not well versed in the intricacies of the problem of taxation, are exercised in the matter, and for the benefit of the Hindu joint family tax-payer, I think some relief can be afforded. There seems to be no justification, my Lord, for removing the few safeguards that

were provided for in the present Act. I hope the Select Committee will give further consideration to the matter and not make the position worse in the case of Hindu joint families.

"Then another point which would strike one is that individual firms, whether they are Hindu joint family firms or individual traders, are perhaps put in a worse position than companies under the present system. I hope I am mistaken in forming that impression, but it seems to me that an individual trader would have to pay one anna to three annas, whereas a company would be liable to pay only one anna, and therefore could compete more successfully with the individual or firm in business. Whether that would be the effect I cannot exactly say, but I hope the Select Committee will look into that matter and not expose the individual trader, whether joint family trader or otherwise, to this new risk. I am sure that there is no necessity at the present moment for tightening up the law in order to bring in more money under the Super-tax Act. It may be necessary to administer the Income-tax Act more efficiently. I believe the Government have taken steps to do that and plenty of money is coming into the exchequer. I hope, under those circumstances, that the Government would not remove the few safeguards provided under the old Act and make the law, tighter so far as super-tax taxation is concerned?"

The Hon'ble Mr. Kamini Kumar Chanda:—"My Hon'ble friend Rai Sita Nath Ray Bahadur is ill and may not be able to take an active part in the deliberations of the Select Committee. In these circumstances, may I have the leave of the Council to propose the name of another Indian member in the person of my Hon'ble friend Mr. B. N. Sarma?"

The Hon'ble Mr. W. M. Hailey:—"My Lord, we have had no notice that the Hon'ble Rai Sita Nath Ray Bahadur will not be able to attend the meetings of the Select Committee. But if, with the Hon'ble Mr. Sita Nath Ray's own consent, the Hon'ble Mr. Chanda makes the proposal that the name of the Hon'ble Mr. Sarma should be substituted for his, I, of course, should have no objection at all. I should not like, however, to ask the Council to remove the name of the Hon'ble Rai Sita Nath Ray Bahadur until I was assured that he himself had consented to that course."

The Hon'ble Mr. Kamini Kumar Chanda:—"I do not propose the substitution but the addition of the name of the Hon'ble Mr. Sarma."

The Hon'ble Rao Bahadur B. N. Sarma:—"May I say, my Lord, that the Hon'ble Rai Sita Nath Ray Bahadur may find himself in a position to come. I have enough work to do and hope I may be excused."

The President:—"Does the Hon'ble Mr. Hailey wish to reply on the debate?"

The Hon'ble Mr. W. M. Hailey:—"I entirely understand, my Lord, the attitude that the Hon'ble Mr. Sarma has taken up on the subject of our treatment of the Hindu joint family; I know from the previous discussions on the subject how strongly he feels on that matter. I can merely assure him that, with the kind assistance of my Hon'ble friend Sir George Lowndes and at considerable personal trouble to several gentlemen whom we asked to come up from great distances to advise us in the matter, we did our very best to get over this difficulty.

"If, however, the Select Committee can demonstrate that they have better brains than we have, if they can find any working device for getting over the difficulty, if they can surmount the obstacle which I may say has baffled each and every one of the Local Governments that were consulted on the subject and each and every one of the persons whom the Local Governments themselves consulted, if they can find any such device, and it will not cause the loss of

any considerable amount of income, we shall be glad to adopt it. I think, with your permission, my Lord, I should like to fall in with the suggestion put forward by Mr. Chanda and add the name of Mr. Sarma to the Select Committee if he will consent to serve on it, in order that he may put his views on this particular subject fully before them."

The President :—" I understood that Mr. Sarma did not wish to serve on the Committee."

The Hon'ble Rao Bahadur B. N. Sarma :—" My Lord, I never said that I refused to serve upon the committee; I only said that if it were possible some one else might be appointed. I mean that I shall never say that I do not have the time or that I shall not undertake that business."

The Hon'ble Mr. W. M. Hailey :—" I take it, my Lord, that that amounts to a consent, however unwilling, on the part of Mr. Sarma to give way to the calls of public duty. As to the point in regard to unregistered firms, that also will be considered duly by the Select Committee. There is no further point that has been raised in Council to-day, and I have merely to ask that the matter may now be referred to the Select Committee for further consideration."

The amended motion* was put and agreed to.

*That the Bill to amend the law relating to super-tax be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir Fazulbhoy Currimbhoy, the Hon'ble Mr. Sitanath Ray, the Hon'ble Mr. Moncrieff Smith, the Hon'ble Mr. Paton, the Hon'ble Mr. Crum, the Hon'ble Mr. Cook, the Hon'ble Mr. Marjoribanks, the Hon'ble Mr. Sarma and the Hon'ble Mr. Hailey, with instructions to report on or before the 20th March 1920.

SELECT COMMITTEE'S REPORT ON THE SUPER-TAX BILL, 1920.

THE following Report of the Select Committee on the Bill to amend the law relating to super-tax was presented to the Indian Legislative Council on the 17th March 1920 :—

We, the undersigned, Members of the Select Committee to which the Bill to amend the law relating to super-tax was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. The only amendment which we propose in the Bill is one of drafting. The word "prescribed" does not occur in the Bill, and the definition of the term is only required in the case of the applied sections of the Indian Income-Tax Act, 1918. We have, therefore, transferred the definition to clause 6 of the Bill.

3. Sir Fazulbhoy Currimbhoy pressed for an amendment in the Bill which would exempt shareholders in a company from payment of super-tax on their income derived from a company which had already paid the tax. The majority of us were of opinion that such a concession would be contrary to the principles of the tax proposed by the Bill.

4. The Committee considered various suggestions in connection with the taxation clauses. The first was one from Mr. Sita Nath Ray to the effect that the Hindu undivided family should be placed on the same footing as a company, namely, that it should pay super-tax at a flat rate of one anna in the rupee The Committee were of opinion by a majority that the effect of this would be to place a Hindu undivided family in an unduly favourable position as compared with a company, inasmuch as the individual members of the family would not be liable to pay the ordinary super-tax on the distributed income, since such income would not be ascertainable. Mr. Sita Nath Ray then proposed a flat rate tax of one and a half annas; the objection to which was that it would create a hardship in the case of the numerous smaller joint families. Mr. Sarma proposed a provision on the lines of section 20 of the English Income Tax Act, 1918, which enables partners, co-parceners and joint tenants in certain cases to make separate claims for relief. The Committee considered that the difficulty of ascertaining the shares of individual members of a joint Mitakshara family would be almost insuperable. It was finally agreed that those members who are particularly interested in this question should consider further possibilities and discuss them with the Finance Department of the Government of India. We have not proposed any amendment.

5. The Bill was published in the Gazette of India in English on the 6th March 1920.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

W. M. HAILEY.
G. R. LOWNDES.
* FAZULBHOY CURRIMBHOY.
† SITA NATH ROY.
B. N. SARMA.
H. MONCRIEFF SMITH.
‡ W. E. CRUM.
E. M. COOK.
N. E. MARJORIBANKS.

The 17th March 1920.

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* I sign this report subject to a note of dissent.

It is inequitable that a man should have to pay twice and thrice super-tax in respect of the same income. I intend to move an amendment to prevent this anomaly.

FAZULBHOY CURRIMBHOY.

† I sign this Report subject to my right of moving amendments.

S. N. ROY.

‡ I sign this Report subject to my right of moving amendments.

W. E. CRUM.

BILL No. 13 OF 1920.

[AS AMENDED BY SELECT COMMITTEE.]

(Words in italics indicate the amendments suggested by the Select Committee.)

A Bill to amend the law relating to super-tax.

WHEREAS it is expedient to amend the law relating to super-tax; It is hereby enacted as follows :—

Short title, extent and commencement.

1. (*1*) This Act may be called the Super-Tax Act, 1920;

(*2*) It shall have the same extent as the Indian Income-Tax Act, 1918; and VII of 1918.

(*3*) It shall come into force on the first day of April 1920.

Definitions.

2. (*1*) In this Act, unless there is anything repugnant in the subject or context—

"Principal Act" means the Indian Income-Tax Act, 1918; VII of 1918.

"Super-tax" means a tax imposed by this Act; and

"Unregistered firm" means a firm which is not a registered firm.

(2) Save as otherwise provided in this Act, words and expressions used herein and defined in the principal Act shall be deemed to have the meanings, respectively, attributed to them by that Act.

Taxable income.

3. For the purposes of this Act taxable income shall be the taxable income computed in the manner laid down in Chapter I of the principal Act, subject to the following modifications, namely, that the proviso to section 7, sub-section (2) of section 12 and sub-section (2) of section 14 of that Act shall have no application, and that sub-section (1) of section 12 shall have application only in the cases of unregistered firms and Hindu undivided families.

Incomes chargeable to super-tax and rate thereof.

4. In addition to the tax imposed by section 14 of the principal Act, there shall, subject to the following provisions of this Act, be charged and recovered and paid in the year beginning on the first day of April 1920, and in each subsequent year—

(a) by every individual subject to his Act, by every unregistered firm and by every Hindu undivided family, a super-tax on his or its taxable income at the rate specified in the Schedule, and

(b) by every company, upon the amount by which its taxable income exceeds fifty thousand rupees, a super-tax at the rate of one anna in the rupee.

Method of assessment.

5. The Collector shall assess the sum payable after considering the returns, if any, made under sections 16, 17 and 28 of the principal Act, and the result of any inquiry made by him under section 18 of that Act. In the cases mentioned in sub-section (4) of that section the Collector shall make the assessment to the best of his judgment.

Application of Act VII of 1918.

6. Sections 19 to 23, 25 to 27, Chapters IV and V, sections 42 and 45 to 52 of the principal Act shall, so far as may be, apply in the case of super-tax as if that tax and also, in the case of section 25, as if any tax due under the Super-Tax Act, 1917, were income-tax chargeable under the principal Act :

VIII of 1917.

Provided that in applying the said provisions the word "prescribed" *shall be deemed to* mean prescribed by rules made under this Act, or by rules made under the principal Act, and applied with or without modification under the provisions of this Act.

Rules.

7. (1) The Governor-General in Council may make rules for carrying out the purposes of this Act and may, subject to such restrictions and conditions as he may impose, delegate to a Local Government the power to make such rules so far as regards the territories subject to that Government.

(2) Any rules made under section 43 of the principal Act may be applied by notification in the Gazette of India or the local official gazette, as the case may be, to the purposes of this Act by the authority which made the same, with such modifications specified in the notification as may be necessary to facilitate their application to the said purposes.

(3) Rules made or applied under this section shall be published in the Gazette of India or the local official gazette, as the case may be, and shall thereupon have effect as if enacted in this Act.

VIII of 1917. Repeal of Act VIII of 1917.

8. The Super-Tax Act, 1917, is hereby repealed :

Provided that such repeal shall not affect the liability of any person to pay any sum due from him under the said Act.

SCHEDULE.

(*See section 4.*)

In respect—

(1) of the first fifty thousand rupees of taxable income	*Nil.*
(2) of the next fifty thousand rupees of taxable income	One anna in the rupee ;
(3) of the next fifty thousand rupees of taxable income	One and a half annas in the rupee ;
(4) of the next fifty thousand rupees of taxable income	Two annas in the rupee ;
(5) of the next fifty thousand rupees of taxable income	Two and a half annas in the rupee ;
(6) of all taxable income over two and a half lakhs of rupees	Three annas in the rupee.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Monday, the 22nd March, 1920.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 60 Members, of whom 52 were Additional Members.

SUPER-TAX BILL.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I beg to move that the Report of the Select Committee on the Bill to amend the law relating to super-tax be taken into consideration. I have in the first place two remarks to make dealing with the substance rather than with the details of the Bill. We have in the first place been asked whether companies and persons paying the English excess profits duty would receive the same measure of protection in regard to the new super-tax as they enjoyed in regard to the existing super-tax. This protection is not, of course, expressly given in our existing Act, but in a speech delivered by Sir William Meyer on the 7th March 1917, an undertaking was given by the Government of India that the excess profits duty levied in England in respect of India profits liable to Indian super-tax would be treated for super-tax purposes as working expenses and not taken into account in calculating taxable income. Executive instructions were given to Collectors in that sense, and I consider that, in view of that undertaking, similar instructions should now issue in regard to the new super-tax. Secondly, a suggestion has been made to us, with the view of protecting the interests of large companies paying small dividends and also with the view of protecting the interests of new companies. It has been proposed that our super-tax on companies should be so arranged as to provide that taxation, instead of beginning after the first Rs. 50,000 of income, should be based on the taxable income of a company in excess of such sum as would enable it to pay a fair dividend, say 7½ per cent. In discussing the matter, however, some of us felt that the protection given to small companies by our present proposal was likely to be more favourable than the protection which would be given under the proposal I have referred to; in the case of a really small company the exemption of Rs. 50,000 would probably mean total exemption. It was also felt that the proposal would have the disadvantage of basing taxation on a somewhat arbitrary figure, namely, what I may call a dividendible income exceeding 7½ per cent. It would be liable to argument by those who are interested in securing the maximum of revenue that the figure should be taken at less than 7½ per cent.: it would be equally liable to argument, by those who wish to see their particular interests protected, that the figure should be taken above 7½ per cent.: I may mention for the information of Council that in countries where corporation taxation is in force, such as Prussia and Switzerland, the figure taken is usually only 3½ per cent. But, in any case, the objection on the part of Government to accepting the proposal is that it is not possible to say what its effect would be. I am quite prepared to have enquiries made with a view to ascertaining whether a proposal somewhat on these lines could be introduced without loss, but the position must, I think, depend on the results of those enquiries and it is not possible at the present stage to adopt a definite suggestion of this nature.

"I now turn to the details of the Bill. As I foresaw introducing the Bill our proposal regarding the Hindu joint family has aroused a good deal of

discussion. The Bill proposes to treat the joint family in every way as an individual (which is of course its legal status in law), that is to say it would pay super-tax as an individual; it would not enjoy that deduction of maintenance expenses or sums definitely allotted to its members which it enjoys under the present Act. As I have mentioned before, we believe that the privilege of deducting expenses is liable to abuse; and again we do not see how the definite allocation of sums to members of a family is consistent with its legal position as an undivided family. The matter will, however, form the subject of two amendments, and it will perhaps be convenient if we deal with it more fully in connection with those amendments.

"A further question, not entirely one of detail, remains. I alluded to it in my speech introducing the Bill, but it may not be out of place to refer briefly again to it here. The Bill as drafted does definitely imply that some individuals will have to pay super-tax in some form or another twice over, that is to say, after that portion of their income which is represented by dividends in companies has paid one anna flat rate, their income as a whole will also pay the ordinary super-tax rate to the extent by which it exceeds Rs. 50,000 per annum. We are unable to calculate with any exactitude what would be the cost of giving relief in this respect, but it would probably be considerable, and as I have explained above, it is a relief which would be needed only in case of those drawing a very considerable income from the dividends of companies. After all the total super-tax in the most extreme cases will be below four annas in the rupee, and had we proceeded in a different way, designed to secure us the same revenue without the apparent anomaly of double taxation, we should not, I think, have been held to have inflicted undue hardship if we had raised the super-tax on incomes of this magnitude to four annas. This point, however, will also form the subject of an amendment, and I shall have the opportunity of dealing with it at greater length in that connection.

"I now move that the Bill be taken into consideration."

The motion was put and agreed to.

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord, I beg to move as an amendment that for the Schedule the following Schedule be substituted:—

SCHEDULE.

(*See section 4.*)

I. Where the taxable income does not exceed one lakh of rupees:—	
(*a*) in the case of the Hindu undivided family—	
(1) in respect of the first seventy-five thousand rupees of taxable income.	*Nil.*
(2) in respect of the next twenty-five thousand rupees of taxable income.	One anna in the rupee.
(*b*) in all other cases—	
(1) in respect of the first fifty thousand rupees of taxable income.	*Nil.*
(2) in respect of the next fifty thousand rupees of taxable income.	One anna in the rupee.
II in respect of the first fifty thousand rupees of taxable income over one lakh of rupees.	One and-a-half annas in the rupee.
III in respect of the next fifty thousand rupees of taxable income.	Two annas in the rupee.
IV in respect of the next fifty thousand rupees of taxable income.	Two and-a-half annas in the rupee.
V in respect of all taxable income over two-and-a-half lakhs of rupees.	Three annas in the rupee.

The object of this amendment is to give relief in the case of Hindu undivided families by raising the minimum of exemption from Rs. 50,000 to Rs. 75,000. Hon'ble Members are aware that ever since the introduction of super-tax Bills into this Council there has been a lively controversy going on as to whether Hindu undivided families have not unnecessarily suffered by reason of the theory that for legal purposes the Hindu undivided family should be treated as a unit, and that some relief should be given to the Hindu families so that the hardship which has been caused may not be so great as it is at present.

I shall not repeat the arguments that have been urged on previous occasions. It is sufficient to say that there is a basis for differentiation in the case of undivided Hindu families. Take the case of two brothers with an income of Rs. 1,50,000. Under the law 50,000 is to be exempted if the brothers divide the property, if they divide the income each will get Rs. 75,000. Each would be liable to pay on the sum of Rs. 25,000, whereas by reason of living together they would pay on a lakh of rupees. In some cases by division the members may be exempted altogether, but they would be liable to super-tax during a state of union. Then again some allowances which were deducted under the old Super-tax Act have been removed under the present Bill as the privilege that has been given has been abused in various cases. The question was discussed at full length in the Select Committee, and it was felt that some relief should be given though not to the extent that was contended for, and I hope that the amendment that I have put forward will be accepted by the Government. There need not be any great financial loss because the total super-tax of all these undivided Hindu families does not run to more than 12 lakhs. By removing the deduction that we provided in the law we shall considerably increase the taxation. That is apart from the natural growth therefrom. I think, my Lord, that if we raise the minimum of exemption from Rs. 50,000 to Rs. 75,000 we shall be giving relief in the case of comparatively poor families and we shall not be sacrificing revenue, nor would the extremely rich families get relief to any appreciable extent. The number of cases in which relief is needed by reason of the removal of the exemptions would, I think, be large specially in the case of the comparatively modest Hindu undivided families whose incomes range between fifty and seventy-five thousand rupees, and this amendment, if accepted, would be appreciated by that class. Of course, in the case of large Hindu families whose income ranges between 5 and 6 lakhs of rupees, the relief would not be considerable. But at the same time they must be thankful that some relief has been given. Rupees 25,000 would, after all, I think, provide a fairly good income in the case of these families for sundry expenses which they would get deducted from the aggregate. I hope therefore, as a matter of compromise that the Government would be able to accept the amendment which I have put forward for their consideration."

The Hon'ble Sir Gangadhar Chitnavis:—"My Lord, I beg to support Mr. Sarma's amendment. I am sure this slightly changed raising of the minimum of exemption will be most equitable and will have beneficial effect in the case of many Hindu families. Hindu families suffer under many disabilities by reason of the theory that they are a corporation or unit for legal purposes. Besides, the privileges which they have been enjoying under the existing law have been removed, and it is but fair that the minimum of exemption should be raised. The Hon'ble Mr. Sarma has been extremely modest in his proposal to raise the minimum to such a small extent. It will give some relief to people who will be in need of such relief by reason of the fact that these men will have to pay this tax in addition to the income-tax which they have to pay in the ordinary run. It is matter of common knowledge that those whose incomes are small are much less able to bear the risks and losses due to uncertainties of trade and business than people whose incomes are large, and when to this is added the strain due to increased and increasing expenditure on establishments and salaries in these times of high prices, improved mode of living and increased standard of comfort, I beg to say that the relief sought for is most equitable and reasonable. I therefore beg to support the amendment."

The Hon'ble Mr. W. M. Hailey:—"My Lord, I find it difficult to discuss this amendment adequately without referring, however briefly, to the subsequent amendment of the Hon'ble Rai Sita Nath Ray Bahadur, since that really refers to the same question. I do not wish to argue against the latter amendment in advance; I merely wish to point out to the Council that the two proposals involve alternative methods of dealing with the same problem, and that if we take a more benevolent attitude to the one, we should have to take a less benevolent attitude to the other. The Hon'ble Mr. Sarma has

pointed out that the undivided Hindu family did enjoy certain privileges in the past, which were granted, I think, as a matter of compromise. The exact privileges were, if I may remind the Council, that the undivided family was allowed to deduct from its taxable income so much of the joint revenue from the family as had been actually expended or paid for the maintenance or other expenses of every member of such family or paid or finally allotted to any such member. Now we ourselves came to the conclusion that whatever was the logical basis for such a deduction, it was liable to great abuse. When I mention to the Council that in the whole of Bengal the taxation on the super-tax on the Hindu undivided families amounts only to Rs. 21,000, I think it must be clear that claims for deductions have been put forward and admitted on a scale which was never contemplated when the concession was first given. That is one point.

"A second point is one of principle. There is, in our view, no particular reason, and there never was any really cogent reason, why the undivided family should be allowed to claim a deduction for expenditure on marriage and funeral ceremonies, which other people are not allowed to deduct from their income when placing their accounts before the Income-tax Collector. Again, there was no good reason why it should have been possible for them to purchase (to take one example) large quantities of gold and silver, and enter those as part of their ceremonial expenses. Finally, the original privilege as conceded by our existing Act allowed a deduction on account of any such sums of money as were finally allotted to any of the members. We held a consultation, as I have already told the Council, with certain learned Hindu friends on the subject, and I think I am right in saying that the conclusion we drew, after a very thorough discussion of the question, was that in the case at all events of certain types of Hindu undivided families, the making of such an allotment definitely destroyed the character of the family as an undivided family. Both in principle and in practice therefore these two deductions were, in our opinion, such as should not be repeated in the Act. At the same time we are aware, and we have for some time been aware, that the Hindu joint family is represented as having been treated rather hardly in our super-tax taxation. It has of course certain definite privileges under the civil law as an undivided family; these privileges have a distinct value; yet it has been very frequently represented to us that these privileges are somewhat heavily paid for. We are told, that the mere fact that a man belongs to a Hindu joint family, a corporation which for religious or social purposes he desires to maintain, does actually commit him to paying super-tax at a higher rate than he would otherwise do as an individual. That, I think, is the basis for most of the complaints on the subject Well, since the Hindu joint family has enjoyed a position of some privilege in the past, and since there is a strong feeling in the country on the subject of our taxation as applied to such families, I gave an undertaking when we introduced this Bill that if any proposal could be put forward which would not cost us much money, and which at the same time would not add to the existing complexities and temptation to manipulation of accounts which our present law offers, I would be willing to accept it. I am satisfied that the Hon'ble Mr. Sarma's proposal is of such a type. We are accordingly prepared to accept it. But I must point out to the Council that, if we do this, it will not be possible for us to accept any of those major concessions which will subsequently be placed before the Council in this respect."

The motion was put and agreed to.

The President:—"I do not know whether the Hon'ble Member is inclined to withdraw his amendments now that the concession has been made by Government in accepting Mr. Sarma's amendment."

The Hon'ble Rai Sita Nath Ray Bahadur:—"I am not prepared to do so, my Lord. Of course, I know that I will be defeated by the official majority, but I think it is due to the Hindu undivided families in Bengal that I should move my amendments. But if the official majority is determined, and the Hon'ble Member in charge is determined not to accept my amendments, then it is useless to waste my breath over them. If the Hon'ble Member is

not prepared to accept my amendment, then it is useless to discuss it. I want to hear on the point from the Hon'ble Mr. Hailey."

The President :—"Mr. Hailey, Mr. Sita Nath Ray is inquiring if you are prepared to accept his amendment."

The Hon'ble Mr. Sita Nath Ray Bahadur :—"In any shape or form."

The Hon'ble Mr. W. M. Hailey :—"This present amendment refers to a somewhat different subject. The effect of this amendment would be not that the deductions which we propose to cancel would be restored, but that every Hindu joint family would be classed as a company and would pay the flat rate of one anna in the rupee instead of a rate which goes up to as much as three annas. That, my Lord, is a very different question; and it would involve a loss of such importance, that I could not accept it on behalf of Government."

The Hon'ble Rai Sita Nath Ray Bahadur :—"To that my reply is that if my firm is registered I would pay at a flat rate of one anna in the rupee. We know that by registering a joint Hindu family can have this privilege as in the case of a company. And I beg also to point out in this connection that you are going to make a very large concession in the case of companies which are making large profits. For instance, jute mills which are making from Rs. 200 to Rs. 300 per cent. profit. But Hindu undivided families can hardly make 5 to 6 per cent. on their capital. Is it fair that companies which are making 200 to 300 per cent, profit should be liable to pay only one anna in the rupee, whereas undivided families or unregistered firms which can hardly make 5 to 6 per cent. on their capital, should be liable to pay at a graduated scale going up to 3 annas in the rupee? I put it to the Council, I appeal to your Excellency's innate sense of justice and I implore this Council to do us justice. Where is the justice? As I pointed out just now, numerous companies have been making very large profits for some years past and have not been satisfied with distributing dividends at the rate of 100 per cent. and keeping large reserves, but have gone out of their way to grant bonuses to their shareholders as well as to their officers. Such was the plethora of profits made by these companies, whereas in our case the profits hardly come up to 5 or 6 per cent. Is it therefore fair that we should be charged at a much higher rate than these companies? I also beg to point out in regard to what Mr. Hailey said that the Hindu undivided family would not be liable to pay on the drawings that are taken away from the funds of the joint family. That it is not so. I take the case of my own family. I got some allotment from the joint fund, and as soon as the income-tax people found out that I had drawn some money, they immediately served me with a notice to pay the super-tax or income tax, as the case may be, on the amount I had drawn from the joint fund. It is not the fact that I escape taxation altogether by separate allotment.

"It was also urged that the money spent on marriages and on the maintenance of the family used to be deducted. It is not so. Because a private circular was issued by the Finance Department to the effect that the money spent on the maintenance of the family should not be deducted from the undivided income but from the zemindari income. Where is the equity of this? Supposing I spent 25,000 or 26,000 rupees on the maintenance of my family or incur any other necessary expenses, when my income from zemindari is Rs. 5,000? In some cases zemindari is held by gentlemen only as a matter of glory; it gives them a status in society. Therefore a man's income from zemindari may be nominal; suppose it is Rs. 5,000. Where is the equity in this that the money spent, 25,000 or 50,000 rupees should be deducted from the profit of Rs. 5,000 made from the zemindari which is not at all likely to pay the tax? How is it possible? We see that by a private circular the income-tax authorities everywhere are practically not to allow any deduction to be made, and if any deduction is urged, to tell them it should be deducted from their zemindari income! I made an appeal to the Commissioner of the Presidency

Division and on the strength of that circular my appeal was rejected. So where is the equity ? However, I beg to urge that it would not be fair in the case of unregistered firms and undivided Hindu families, who knew they can easily get themselves registered at any time, to saddle them with a higher liability than would be paid by companies.

"And if these two amendments are not accepted, I at least urge that the deduction which was allowed under the former Act should be allowed in this one, namely—

"(*a*) in the case of a Hindu undivided family so much of the joint income of such family as has been actually expended or paid for the maintenance or other expenses of any member of such family or paid or finally allotted to any such member;

"(*b*) in the case of a firm so much of the income of the firm as has been paid or finally allotted to any of the members of the firm.

"These two exceptions should be retained in the present Bill. This is all that I urge."

The President:—"I understand the Hon'ble Member has moved all three of his amendments I will therefore put all three amendments together when the Hon'ble Member has replied."

The Hon'ble Rai Sita Nath Ray Bahadur:—"Yes, my Lord."

The Hon'ble Mr. W. M. Hailey:—"I think it is already clear to the Council, my Lord, that the Hon'ble Mr. Sita Nath Ray has suggested to us two alternative methods of dealing with the undivided Hindu family. The first is the restoration to it of the existing deductions; the second is, that it should be treated for all purposes as a company and pay only the one anna flat rate. I have already argued to the Council the case of the deductions, and I do not think that I need reply at any great length to what I said on that subject; but I would add this. The Hon'ble Member complained that full effect was not given to these deductions in practice and he cites his own case in particular. My Lord, we are dealing here with the question of legislation. If the procedure of a local Government or of a local Government's officer in carrying out the Act, bears hardly on an individual that I think is not a point for this Council, except in so far as any legislation should be proposed which would do away with such hardship. . . . ."

The Hon'ble Rai Sita Nath Ray Bahadur:—"May I rise to a point of order ? I beg to point out that it was not done under instructions of any local Government, but on the strength of a circular issued by the Government of India, Finance Department ?"

The Hon'ble Mr. W. M. Hailey:—"If so, my Lord, it must have happened at some era at which I was not in the Department; nor is my Hon'ble friend here (Hon'ble Mr. Cook) aware of any such circular. I will be perfectly willing to examine the records of my Department and see if any such circular was issued; but I do not think I would be justified in arguing that case at length before the Council, because we are now engaged in the matter, not of redressing individual hardships, which must always be left to in the last resort to appellate or judicial decision, but in a matter of legislation. I therefore do not propose to detain the Council any longer with this question of deductions.

"We have indeed in answer to the Hon'ble Mr. Sarma's amendment made as much concession in the matter of deduction as I think it is possible to make. Hindu undivided families will for the future, instead of being allowed to deduct the various sums allowed in the present Act—deductions which, as I said before, led in some cases to a manipulation of the accounts—start with an advantage of Rs. 25,000; and that, I think, is a sufficiently handsome concession to them.

"The second part of the Hon'ble Rai Sita Nath Ray's case referred to the question whether such families should or should not receive the same treatment as companies. He desires that they should be assessed to the flat rate of one anna,

He drew a comparison, and a very invidious comparison, between the profits made by companies and the profits made by undivided Hindu families. Now, even if we are prepared to admit that all companies do make 200 per cent. and that all Hindu undivided families only make 6 per cent. on their investments, his argument nevertheless does not hold good. We tax companies at the flat rate; that is, their dividends pay one anna; but now mark the difference between them and undivided families. The shareholder will also, if the proposals in our Bill are carried out, pay on his individual income including those dividends, and that is the essential difference between the shareholder in a company and between the member of an undivided Hindu family. We cannot in practice decide, and as a strict matter of law we should not be justified in attempting to decide, what should be regarded as the 'share' of a member of an undivided family. Were we able to decide that share, were there such a thing as an instrument of division, were there no doubt whatever what each member of the family was entitled to receive, and did receive, then we should of course have no reason for treating the undivided family as a whole; we should tax its individual members as individuals. It is simply because in the nature of things there can be no share and no definite apportionment of earnings to individuals, that we have treated undivided families as single persons for income-tax assessment. Therefore, the comparison between the company and the undivided family in my opinion breaks down completely. For the rest, the Hon'ble Member's appeal is one simply for consideration and for compassion. In my opinion, we have given to the undivided family the maximum of concessions possible. I can see in fact that we are liable to attack in some quarters for having given so much. I do not think it would be justifiable—I will not say on behalf of the Government—but on behalf of the general tax-payer, whose interests are of course at stake, that we should make any further concession to the Hindu undivided family."

The Hon'ble Mr. Kamini Kumar Chanda :—"My Lord, may I make a remark in this connection? I get up simply because I freely confess that the lawyer in me is forcing me to speak. I find one passage in the Report of the Select Committee upon this Bill which, I confess, I did not follow. It is stated there:

'The Committee considered that the difficulty of ascertaining the shares of individual members of a joint Mitakshara family would be almost insuperable.'

"Now, granting this, what about the Dayabhaga family. I think, my Lord, it is well known to every student of Hindu lay that, so far as the Dayabhaga family is concerned, that in the case of the Hindu family governed by the Bengali school of law there is no difficulty in finding out the share of each individual member; it is as well known as if there was a partition. That being so, I do not think that the Dayabhaga family should be penalised owing to the difficulty of finding out the shares of the members of a joint Mitakshara family. That is my difficulty, my Lord."

The Hon'ble Mr. A. P. Muddiman :—"I must apologise for interrupting the Hon'ble Member, but might I know as a point of order on which amendment he is speaking?"

The President :—"I have told the Council that I propose to take all these three amendments together and put them to the Council as one. If the Hon'ble Member can bring his speech in on any one of these three amendments, he is in order. To which amendment is he speaking now?

The Hon'ble Mr. Kamini Kumar Chanda :—"My suggestion is with regard to the joint undivided Hindu family."

The President :—"Which particular portion?"

The Hon'ble Mr. Kamini Kumar Chanda :—"I support the Hon'ble Rai Sita Nath Ray's amendment on these grounds."

The President :—"But which amendment?"

The Hon'ble Mr. Kamini Kumar Chanda :—" That it should be a flat rate as in the case of a company."

The Hon'ble Sir George Lowndes :—" I rise to a point of order again. That could not possibly apply to the Dayabhaga family apart from the Mitakshara. There is no one of these amendments which distinguishes between the members of a Dayabhaga and a Mitakshara family. There is no one of these amendments under which the Hon'ble Mr. Chanda can possibly bring his suggestion.

" It is really a new amendment."

The Hon'ble Mr. Kamini Kumar Chanda:—"My submission is this that my Hon'ble friend is asking that the case of an undivided Hindu family should be considered in the same light as that of a company. Now why this is not done is, as I gather from the Report of the Select Committee, that there are difficulties in the case of a joint Mitakshara family to find out what the share of each member is. Therefore it is proposed to tax the family as a unit. In support of that position I want to bring out this difficulty. The reason seems to be that, as Government are unable to find out the shares of individual members, therefore it would be safer to tax the family as a unit. I point out that this is not correct in the case of members of a Dayabhaga family. That is the only point I wish to bring to the notice of the Hon'ble the Finance Member and the Hon'ble the Law Member."

The Hon'ble Rai Sita Nath Ray Bahadur :—" I have nothing further to say."

The President :—" You have nothing further to add ? "

The Hon'ble Rai Sita Nath Ray Bahadur :—" No, my Lord."

The amendments were put and negatived.

The Hon'ble Sir Fazulbhoy Currimbhoy :—" My Lord, I beg to move that the following be added at the end of clause 4 :—

' Where the income of an individual or a company assessed to super-tax under this Act includes a dividend paid by a company assessed during the year, the said assessement shall be reduced by the amount of tax payable on the dividend at the rate of one anna in the rupee.'

" My Lord, my amendment is quite clear and needs very few words of explanation. The individual, when the income on which the company has paid super-tax reaches him, has to pay super-tax again on the same income. Thus, in certain cases, an individual has to pay twice and three times over super-tax on the very same income. In this country industries are run by joint stock companies and if an individual who has put his money into industries, when he receives his dividend has to pay super-tax on a dividend which has already paid super-tax, the result is to discourage people from putting money into industries instead of trade.

" My Lord, the argument brought forward by the Hon'ble the Finance Member was that the individual who will have to suffer in this way will be the man whose income is more than ₹50,000 and also he has said just now that he does not know what will be the amount he will have to refund. My answer to his argument is that if he wishes to charge the rich man, he can easily raise the super-tax to a rate larger than one anna instead of dealing with it so unfairly. In the second place, we can see from the Budget that by this new method of a flat rate he is making 44 lakhs of rupees, and if he has to refund 10 or 15 lakhs of rupees that will amount to very little.

" Therefore, my Lord, I think my amendment is quite fair, and I appeal to the Hon'ble the Finance Member to treat my amendment favourably as he has treated the Hon'ble Mr. Sarma's. "

The Hon'ble Mr. W. E. Crum:—"My Lord, I beg to support the amendment of the Hon'ble Sir Fazulbhoy Currimbhoy. I do so on a question of principle. I think the time has come when endeavour should be made throughout the British Empire to avoid double taxation as far as possible. It is very wrong that in this country we should not only have to pay double taxation but actually pay the same tax twice over, because that is what this proposal comes to. The individual will pay income-tax on his income; he will also pay super-tax on his income; the company will pay super-tax on the same income, and therefore he will be paying super-tax twice over. In the case of income-tax he can recover, but in the case of super-tax he cannot recover.

"There is one other reason why I support this amendment and that is this. An individual whose income is derived largely from companies is in a worse position than an individual whose income is not derived from the dividends of companies. I do not think it right that whatever the incomes of an individual may be, whether it is 5 lakhs or 10 lakhs or 20 lakhs, the mere fact that an individual derives his income from companies should put him in a worse position than an individual who derives his income from other sources."

The Hon'ble Mr. W. M. Hailey:—"My Lord, I take it that the Hon'ble Sir Fazulbhoy Currimbhoy's objection to our taxation is based not so much on the amount of the tax as to the method of levying it. I give him all credit for not protesting against the amount he has to pay; I shall bring against him none of those charges we sometimes hear that men of wealth do not like to pay their taxes. I have not that feeling in my mind at all; indeed Sir Fazulbhoy himself has done his best to disabuse us of any such feeling, since he has stated that he would be quite prepared to pay a higher super-tax, if necessary, but that he does not like the particular method adopted by us, which involves the payment of super-tax twice over.

"It seems to me then, my Lord, that it is an offence against the delicacy of his feelings rather than against his pocket. But I think the position has been, I will not say exaggerated, but exhibited in somewhat too gloomy a light. Are we really and effectually taxing twice over? What we are putting on now is a form of taxation well known in many countries of Europe—a corporation tax. It is considered justifiable to tax a corporation partly because it enjoys the use of what may be called public capital, but even more because its shareholders enjoy protection against liabilities incurred, up to the amount of their shares. The company is therefore taxed definitely as a corporation, and that taxation may very justifiably be regarded almost as one of the working expenses of the company. The super-tax we place on the shareholder afterwards is really an individual tax. We call both these taxes super-tax, but as a matter of fact we are really imposing on the company a well recognized form of taxation—the corporation tax—while maintaining the super-tax on the individual.

"Perhaps, however, the Council may regard this as an unduly philosophical explanation; perhaps they will be inclined rather to lay stress on the fact that we call it a super-tax, and that it actually has the effect, as Sir Fazulbhoy Currimbhoy says, of imposing a double super-tax on the people.

"Well, I have already explained to the Council, that in the case of our very worse victim, the total super-tax does not amount to more than four annas in the rupee; an amount which is very low indeed compared to the taxation in some other countries. I think in one further point the Hon'ble Sir Fazulbhoy Currimbhoy, and to some extent the Hon'ble Mr. Crum, have rather over-stated their case. They have urged that it is wrong that we should at a time when men are professing to encourage industry, introduce a tax which constitutes a heavy burden on industry pure and simple. Now if this charge were correct I am sure that nobody would be more willing to withdraw or to modify it than your Excellency's Government. But is it correct? Last year we had a super-tax which brought in 176 lakhs of rupees. We are told that the method of taxation was undesirable, that it was imposed in a form which was detrimental to industry. Yet in spite of that fact, in the first eight months of the year 535 new companies, nearly all industrial, were started with

an authorised capital of 166 crores of rupees. Now if industry was afraid of our taxation, I maintain that there would not have been that great boom in company flotation. Then again our present taxation was announced on the 1st March this year. What has happened since the 1st March? Has there been any indication that the industrial share market has been injured in any way by our taxation? If I am correct, shares generally have risen since then. The Hon'ble Sir Fazulbhoy Currimbhoy, happily for him, has a far better acquaintance with the facts regarding the rise in the price of shares than I am ever likely to have; and I am sure he will correct me if I am wrong in my statement. But if I am correct, what proof is there of the charge that our taxation is injurious or detrimental to industry?

"My Lord, I do not, as I have already said, like the argument which is based on a scoff at the rich man because he does not like to pay his taxes. I do not like setting up Lazarus against Dives. I am not sure that Lazarus is always a better citizen than Dives. But I claim this, that if anybody objects to taxation on the ground that it is likely to be injurious either to industry or to any other interest, they should provide some solid ground for that assertion. I maintain that such grounds are wanting in this case, and I claim that the Council should support this Bill, as one which is in no sense likely to be detrimental to Indian industries or to Indian interests."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"My Lord, the Hon'ble the Finance Member does not seem inclined to accede to my request, which is as fair and just as it should be.

"As regards what I have said about super-tax being detrimental to industry, people will not put their money into industrial concerns, but looking to the new companies which have started it shows that people do not mind taxation. My Lord, I will give an example. Last year after the Excess Profits Tax Bill was passed, the Share and Stock Market in Bombay went up.

"The general trend of the market depends upon the speculation and the attitude taken up by the bears or bulls That is the proper indication and it is quite clear that people who put their money in industries will have to pay double super-tax than the people who put their money in other sorts of trades. So I do not agree with his argument on that ground. Of course it will not be very injurious to trade, but at the same time they will be very unfairly treated. As I said in my speech, I think he is getting 44 lakhs more, and if he has to refund a little, I think he ought to have agreed to it. With these words, my Lord, I would ask that the amendment be put to the Council."

The amendment was put and negatived.

The Hon'ble Mr. W. M. Hailey:—"My Lord, I beg to move that the Bill to amend the law relating to super-tax, as amended, be passed. There has been an amendment to-day the effect of which, I think, might be that Hon'ble Members might possibly call for a further postponement of the passing of this Bill, but as that amendment has been in the nature of a concession, I hope that that point will not be pressed."

The Hon'ble Mr. W. E. Crum:—"My Lord, though I am perfectly prepared to vote in favour of the Bill as it now stands, I would not like that to be taken as meaning that I entirely support the provisions of the Bill. To my mind, at its best it is an improvement on the Act which it supersedes, but it still has many objectionable features, and I have already referred to one in the principle of taxing companies with super-tax. It is perfectly true, as the Hon'ble Mr. Hailey has pointed out, that corporation tax is levied in certain other countries; but I do not think a tax of this nature has ever been levied in the British Empire, and as such I do not think that we ought to set the example. But, my Lord, I would like to plead the case of certain companies which are particularly hardly treated by this Bill. I refer to companies trading in India and registered in the United Kingdom. I do not know if Hon'ble Members of the Council understand the position of the income-tax and super-tax as regards companies registered in the United Kingdom and trading in the colonies. The position is that most of these companies

have to pay an income-tax of 6*s*. in the £ and they are allowed a deduction in the case of income-tax paid in the colonies up to 2*s*. 6*d*. in the £ provided that that deduction is on the same income on which they have actually paid their income-tax in Great Britain. In the case of India a deduction is allowed of the Indian income-tax; this amounts to 1*s*. 3*d*. in the £, but it is very doubtful indeed whether the British Exchequer will allow the Indian super-tax to be treated in the same way. In fact I think it is almost certain that they will not allow it. It comes to this, therefore, that if this tax had been an ordinary addition to income-tax the British companies registered in the United Kingdom would have been able to take advantage of the law in the United Kingdom. As it is super-tax, it is probable that they will not be able to do so. Now, my Lord, I think that members of this Council will generally agree with me that at a time when the discussion of double taxation within the Empire is so much before us it is a very hard thing on companies registered in the United Kingdom that they should be forced to pay this double taxation; and I would have appealed with more confidence to members of Council if it had not been for a remark of the Hon'ble Mr. Sarma's the other day when speaking on Mr. Patel's Electricity Bill. He referred several times to foreign companies—I hope he will correct me if I am wrong—but I understood and I think a great many other members of the Council got the impression that in referring to foreign companies he included in the term both German companies and Austrian companies and companies registered in the United Kingdom; and I do think that at a time such as the present when we are all trying to do our best to work together for the future government of India and the Government of India as a part of the British Empire, it is a great pity that British companies should be referred to as foreign companies; and I hope that Mr Sarma will be able to say later that that was not his intention. The reason why I refer to this is because I would ask the Council and the Hon'ble the Finance Member to treat British companies trading in India on generous terms.

"Now, my Lord, what have these companies been paying during the war? They have been paying first of all Indian income-tax on their whole profits. That is to say, they have paid Indian income-tax on profits which have never come into their pockets, because they also paid Indian income tax on excess profits tax which had been deducted in Great Britain. They have paid the British income-tax of 6*s*; individuals in these companies have also paid the British super-tax varying from 1*s*. in the £ to 4*s*. 6*d*. in the case of very high incomes, and the only relief that they have been able to get is in respect of Indian income-tax on that part of their income on which they have paid British income-tax. I do think, my Lord, that looking to the fact that Great Britain allows a deduction of income-tax in the case of income-tax charged in the colonies, it is not too much to ask the Government of India to allow a similar concession in the case of super-tax charged in India. It is probable, I suppose, that the Hon'ble Member will not be able to give me a definite answer to my request to-day; but at any rate I hope that he will consider the matter and take up the question with the home authorities and with the Secretary of State.

"The Hon'ble Member referred, when he was recommending that the Bill should be considered, to the question of an alteration in the method of assessing this super-tax, that is to say, as to whether the tax should not be graded according to the capital of the company, rather than on a fixed exemption amount of half a lakh; and he told the Council that the reason why the half-lakh exemption was decided on was because that would only exempt the small companies and would tax the bigger companies who are generally more in a position to pay. I quite agree with that idea; but at the same time I would point out that this Bill as it stands is going to hit very hard a certain number of companies which have big capital, but which from their nature are not able to pay big dividends and that it does not at all follow that because a company pays a dividend amounting to less than half a lakh the individuals who receive that dividend are people of small means. I may instance a very good case in that of the Sara-Serajganj Railway; that is a company with a very large capital. The shares are held, I think I am right in saying, mostly by small shareholders with holdings of somewhere about a thousand rupees each.

"It is held very largely by the population of the district through which it runs. It seems to me that the company from its nature can never pay big dividends. It seems to me that it is very hard indeed on small individuals of that kind who have invested money in railways because they believed it to be a good thing for their country that the railway should come in, that they should come under a super-tax of this kind. If an alteration could be made in the exemption to be granted in another year, then this anomaly would disappear. I am very glad that the Hon'ble Member has told us that he will take that question into consideration. With these remarks, my Lord, I vote in favour of the Bill, and I hope the Hon'ble Member will be able to give consideration to my requests."

The Hon'ble Rao Bahadur B. N. Sarma :—"My Lord, I have a very few remarks to make on the super-tax itself. Of course all taxation cases will come up for revision from time to time; they are not like the laws of the Medes and Persians. I feel sure that the remarks of the Hon'ble Mr. Crum that we should deal tenderly with companies whose dividends may be extremely small and who will be hard hit by this taxation, will be taken into favourable consideration.

"I am thankful to the Government for having accepted my amendment with regard to undivided Hindu families. I hope the matter may be further investigated should occasion arise.

"With regard to what I meant by a foreign company, I do not think the matter has a direct bearing on the point at issue, except in so far as it has a bearing on our attitude in regard to the suggestion for favourable terms in the case of the super-tax on British firms. Certainly I am at one with Mr. Crum in thinking that it would be extremely undesirable that the same firm, British or Indian, should be taxed twice in respect of the same income in India and elsewhere in the British Empire. The use of the term foreign is one of terminology and would connote different things with reference to the context in which the term is used. Of course if British firms are registered under the Indian Companies Act, they would be Indian in the strict sense of the term. I do not think any one would draw any distinction between Indian firms whose capital is all subscribed by Indians in India and British firms who may settle down here. Nor do I for a moment contend that the same favourable terms where possible should not be shown to firms in other parts of the British Empire. I would certainly draw a distinction between German and Japanese and other firms located in the British Empire. In one sense I think we may call ourselves British, because we are within the British Empire and the questions of Indian and British would not arise. I hope I have made my meaning quite clear. When I use the term foreign as opposed to Indian, I do not draw any distinction British *versus* Indian. The term foreign trade in our statistics includes British trade."

The Hon'ble Mr. W. M. Hailey :—"There are, my Lord, two general points calling for notice. In the first place there is the point raised by Mr. Crum in connection with the possibility of giving the British Company relief from the payment of this super-tax in respect of its payment of British taxation. We cannot, as he himself realized, offer him a definite answer at the present moment. We understand that a Committee has been appointed at home to report on the subject of taxation within the Empire and made definite recommendations to the Treasury on the subject. We expect to receive these recommendations before long, and the fact that English Companies have to pay the super-tax here will be taken into consideration by us in any negotiations which we may have on the subject with the British Treasury. I have already told the Hon'ble Mr. Crum and the Council that the proposal made for the substitution of a graded company tax instead of a flat rate will be made the subject of investigation by us. If we find that a more equitable form of taxation can be suggested, we shall come to the Council again on the subject. I have no other observations on the Bill, my Lord, and would only ask that it be passed by the Council."

The motion was put and agreed to.

SUPER-TAX ACT, 1920.

The following Act of the Indian Legislative Council received the assent of the Governor General on the 23rd March, 1920, and is hereby promulgated for general information :—

ACT NO. XIX OF 1920.

An Act to amend the Law relating to super-tax.

WHEREAS it is expedient to amend the law relating to super-tax; It is hereby enacted as follows :—

Short title, extent and commencement.

1. (*1*) This Act may be called the Super-tax Act, 1920;

(*2*) It shall have the same extent as the Indian Income-tax Act, 1918; and VII of 1918.

(*3*) It shall come into force on the first day of April, 1920.

Definitions.

2. (*1*) In this Act, unless there is anything repugnant in the subject or context,—

"principal Act" means the Indian Income-tax Act, 1918; VII of 1918.

"super-tax" means a tax imposed by this Act; and

"unregistered firm" means a firm which is not a registered firm.

(*2*) Save as otherwise provided in this Act, words and expressions used herein and defined in the principal Act shall be deemed to have the meanings respectively attributed to them by that Act.

Taxable income.

3. For the purposes of this Act taxable income shall be the taxable income computed in the manner laid down in Chapter I of the principal Act, subject to the following modifications, namely, that the proviso to section 7, sub-section (*2*) of section 12 and sub-section (*2*) of section 14 of that Act, shall have no application, and that sub-section (*1*) of section 12 shall have application only in the cases of unregistered firms and Hindu undivided families.

Incomes chargeable to super-tax and rate thereof.

4. In addition to the tax imposed by section 14 of the principal Act, there shall, subject to the following provisions of this Act, be charged and recovered and paid in the year beginning on the first day of April, 1920, and in each subsequent year—

(*a*) by every individual subject to this Act, by every unregistered firm and by every Hindu undivided family, a super-tax on his or its taxable income at the rate specified in the Schedule, and

(*b*) by every company, upon the amount by which its taxable income exceeds fifty thousand rupees, a super-tax at the rate of one anna in the rupee.

Method of assessment.

5. The Collector shall assess the sum payable after considering the returns, if any, made under sections 16, 17 and 28 of the principal Act, and the result of any inquiry made by him under section 18 of that Act. In the cases mentioned in sub-section (*4*) of that section the Collector shall make the assessment to the best of his judgment.

Application of Act VII of 1918.

6. Sections 19 to 23, 25 to 27, Chapters IV and V, sections 42 and 45 to 52 of the principal Act shall, so far as may be, apply in the case of super-tax as if that tax and also, in the case of section 25, as if any tax due under the Super-tax Act, 1917, were income-tax chargeable under the principal Act : VIII of 1917.

Provided that in applying the said provisions the word "prescribed" shall be deemed to mean prescribed by rules made under this Act, or by rules made under the principal Act and applied with or with out modification under the provisions of this Act.

Rules.

7. (*1*) The Governor General in Council may make rules for carrying out the purposes of this Act and may, subject to such restrictions and conditions as he may impose, delegate to a Local Government the power to make such rules so far as regards the territories subject to that Government.

(*2*) Any rules made under section 43 of the principal Act may be applied by notification in the Gazette of India or the local official Gazette, as the case may be, to the purposes of this Act by the authority which made the same, with such modifications specified in the notification as may be necessary to facilitate their application to the said purposes.

(3) Rules made or applied under this section shall be published in the Gazette of India or the local official Gazette, as the case may be, and shall thereupon have effect as if enacted in this Act.

VIII of 1917. **Repeal of Act VIII of 1917.** 8. The Super-tax Act, 1917, is hereby repealed :

Provided that such repeal shall not affect the liability of any person to pay any sum due from him under the said Act.

SCHEDULE.

(See section 4.)

(1) Where the taxable income does not exceed one lakh of rupees—	
(*a*) in the case of a Hindu undivided family—	
(*i*) in respect of the first seventy-five thousand rupees of taxable income.	*Nil.*
(*ii*) in respect of the next twenty-five thousand rupees of taxable income.	One anna in the rupee.
(*b*) in all other cases—	
(*i*) in respect of the first fifty thousand rupees of taxable income.	*Nil.*
(*ii*) in respect of the next fifty thousand rupees of taxable income.	One anna in the rupee.
(2) In respect of the first fifty thousand rupees of taxable income over one lakh of rupees.	One and a half annas in the rupee.
(3) In respect of the next fifty thousand rupees of taxable income.	Two annas in the rupee.
(4) In respect of the next fifty thousand rupees of taxable income.	Two and a half annas in the rupee.
(5) In respect of all taxable income over two and a half lakhs of rupees.	Three annas in the rupee.

FINANCIAL MEMBER'S SPEECH INTRODUCING THE BUDGET FOR 1920-21.

The Hon'ble Mr. W. M. Hailey :—"My Lord, I rise to present the Budget of the Government of India for 1920-21. Certain changes have been made in the estimates presented to Council on March 1st, and I shall briefly refer to the more important of those. The Financial Secretary's Explanatory Memorandum has also been revised in the light of our latest information. The final figures for the Revised and Budget Eastimates are embodied in the usual formal statements which are laid on the table.

"I will take first of all the revised figures for the current year. The net result of the changes made since March 1st is that the revised estimate for Imperial revenue in the current year now amounts to £96,05,000, and the expenditure to £106,124,000, giving a deficit of £10,074,000 as against the £14,368,000 estimated on March 1st. The reduction in the deficit is due almost entirely to the effect of the Resolution passed by the Council on March the 9th regarding the special contribution towards the cost of the war. As I explained in the Appendix to my Financial Statement, India will have to bear certain charges, amounting in all to £1 million, which, if the full contribution were paid, would have been taken against that. On the other hand, the amount of the contribution still to be paid is, as I explained to Council when Mr. Patel's Resolution was under discussion, reduced to a figure of £800,000. Deducting from this the provision of £547,000 previously included in the estimates for the contribution, the net liability falling on us amounts to £1,253,000. We shall of course not be liable to any payment on account of the extraordinary pensions of Indian troops and their British officers arising from the war, although, as these pensions fall due, they will be paid from Indian revenues ; what we shall do therefore is to recover from His Majesty's Government a lump sum representing the capitalized value of these pensions, and, for the purpose of the present estimates, I am assuming that this recovery will be made in the current year, the amount involved being roughly £5 million. The net result therefore is that there is a betterness in the revised estimates on this account of slightly above £4 million. As regards our ordinary revenues, the only item which I need mention is an improvement of 27 lakhs, which occurs mainly in income-tax and super-tax collections in Bombay.

"I now turn to the Budget figures relating to the coming year. As regard these, we now anticipate an Imperial revenue of £92,926,000 and an expenditure of £90,411,000 resulting in surplus of £2,515,000 as against £2,004,000 anticipated by me on March 1st, the difference being due partly to an increase in interest receipts in England of about 45 lakhs owing to smaller withdrawals from the Paper Currency Reserve than previously anticipated, and partly to a rise in the Imperial share of land and excise revenue in certain provinces. I desire, however, to repeat and emphasise the warning which I gave in my speech introducing the Financial Statement regarding the reality of this surplus. The Council will remember that I pointed out the great difficulty of framing a budget in view of the predominance in our revenue estimates of that indeterminate figure, the gain by exchange. The portion of the total gains by exchange during the next year which we expected to take to revenue amounted to 6 crores, this amount being a residuum left after crediting the capital accounts of railways, irrigation and Delhi, and after earmarking 12 crores to make up the deficiency in the Paper Currency Reserve. I think it must be clear to all Hon'ble Members who have followed our discussions that, in view of the obscurity of the exchange position, the extent, if any, to which our revenue account will be the residuary legatee in the matter of these gains is highly uncertain. When the Financial Statement was framed, I took what I thought was a reasonable figure for the gross amount of the gains. The situation is so uncertain that I am not prepared to substitute with any confidence a different figure. Nevertheless, I must emphasise the precariousness of this surplus and must warn the Council that, in the event of the

gross gains being smaller than we had anticipated, it may be turned into a deficit.

"As regards the provincial estimates, I need not trouble the Council with the small changes which have been made. The provincial drawings during the next year are expected to be about £300,000 more than previously anticipated mainly on account of extra provision inserted for further revisions of the pay of subordinate establishments.

"In our ways and means estimates we expect to end the year with a cash balance of £27⅓ million, in England and India together, against £21⅓ million shown in the Financial Statement. The increase arises mainly from the recovery of about £5 million from the Home Government to which I have already referred. In the coming year we anticipate a combined closing balance of about £16⅛ million as against the £18¼ million mentioned by me on March 1st. I propose to refer briefly to the changes which we have now made. In the first place, the probable state of our balances during the course of the year combined with the highly uncertain course of the sterling exchange, points to the desirability of our strengthening our ways and means position by every possible method. We have decided, therefore, that it would be safer not to budget for the disbursement of 9 crores from the amount held in suspense to meet the deficiency in the Paper Currency Reserve, but to apply this instead in reduction of our Treasury Bill outstandings, the amount of which, as the Council knows, is a matter for serious anxiety. Further, the improvement in our cash balances which I have mentioned will enable us to devote a further sum of 9 crores towards the discharge of Treasury Bills, making up a total of 18 crores, or £12 million, to be discharged during the year. I must again remind the Council that our large Treasury Bill outstandings really represent an overspending in previous years, *i.e.*, instead of making up our revenue deficits by additional taxation, these have been financed in the main by incurring floating debt. During the war we managed to keep our floating debt at a high figure, but at any moment the time may come when a substantial portion of our Treasury Bills may run off without being replaced, and, save in so far as we can fund our floating debt in our long term loans, we must be prepared to reduce it from our cash balances. All this, I need hardly say, points to the need for caution. I know that hopes have been raised that, with the conclusion of the war, India would be able to embark on schemes of development which are now overdue but whose initiation has been postponed by the enforced economy of the war. As the Council knows, we have allowed the Provincial Governments to budget for deficits unprecedentedly large. This was partly because some amount of additional outlay could no longer be postponed, and also because of the urgent need for wholesale revisions of pay of establishments from top to bottom in view of the greatly changed conditions in respect of the cost of living. These revisions of pay are, I think the Council will agree, obligatory; but as regards other expenditure, I must once more repeat the warning I gave on March 1st as to the need for economy and caution. That caution must be maintained until the public finances, in respect of our large floating debt, are in a sounder position, and until our troubles in the north-west can be regarded as definitely over. We shall ourselves watch the position carefully: and if it deteriorates, especially in connection with expenditure on the latter account, we shall probably find it necessary to curtail or defer some items of the expenditure provided for in the Financial Statement. It is with this word of warning, my Lord, that I now present the Budget to the Council."

BUDGET

OF THE

GOVERNMENT OF INDIA,

MARCH 1920.

ACCOUNTS	1918-19
REVISED ESTIMATES	1919-20
BUDGET ESTIMATES	1920-21

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I.—General Statement of the Revenue and Expenditure charged to

	For details, vide Statement.	Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,089,944	22,686,400	22,090,800	23,797,800
Opium	„	3,289,111	3,056,200	2,990,800	2,942,000
Salt	„	4,277,989	3,914,300	3,754,000	4,488,400
Stamps	„	6,018,976	6,097,100	7,223,100	7,507,500
Excise	„	11,557,518	12,153,300	12,752,300	13,674,000
Customs	„	12,120,641	13,352,400	14,919,500	17,009,700
Income Tax	„	7,758,462	13,554,900	15,771,000	11,390,400
Other Heads	„	4,316,273	4,568,900	5,045,700	5,169,800
TOTAL PRINCIPAL HEADS	...	70,428,914	79,383,500	84,547,200	85,979,600
Interest	A	3,829,422	3,637,400	4,380,100	4,015,600
Posts and Telegraphs	„	5,342,967	5,716,800	5,996,800	6,184,200
Mint	„	1,826 814	1,356,500	1,669,700	679,500
Receipts by Civil Departments	„	2,094,802	1,957,500	2,157,400	2,079,500
Miscellaneous	„	6.728,458	2,557,400	1,862,800	6,276,800
Railways: Net Receipts	„	24,962,239	21,372,900	21,607,300	21,774,700
Irrigation	„	5,346,507	5,511,900	5,843,600	5,945,200
Other Public Works	„	347,649	323,000	363,500	371,300
Military Receipts	„	2,349,972	1,587,300	(a) 7,141,600	1,519,500
TOTAL REVENUE	...	123,257,744	123,404,200	135,570,000	134,825,900
DEFICIT	...	3,820,409	...	10,074,100	...
TOTAL	...	127,078,153	123,404,200	145,644,100	134,825,900

(a) Includes a repayment of £5,370,000 by His Majesty's Government on account of the capitalised value of net extraordinary pensions, etc., of Indian troops and their British Officers, the pensions being paid from Indian revenues as they fall due.

DELHI,
FINANCE DEPARTMENT,
March 22, 1920.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Revenue, of the Government of India, in India and in England.

	For details, vide Statement.	Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	11,787,122	11,293,300	12,162,800	13,690,100
Interest	„	8,127,090	7,763,500	8,934,200	8,192,500
Posts and Telegraphs	„	3,974,954	4,580,200	4,725,300	6,073,500
Mint	„	305,810	284,500	356,200	258,200
Salaries and Expenses of Civil Departments	„	23,638,218	24,549,100	25,345,000	28,295,000
Miscellaneous Civil Charges	„	6,292,776	6,139,100	6,498,200	8,614,700
Famine Relief and Insurance	„	1,000,000	1,789,100	1,248,100	1,000,000
Railways: Interest and Miscellaneous Charges	„	14,394,142	14,468,900	14,590,200	15,284,100
Irrigation	„	3,946,829	4,071,100	4,231,200	4,390,400
Other Public Works	„	5,651,871	6,932,700	6,909,000	9,104,100
Military Services	„	(b) 46,880,210	(c) 42,782,300	(d) 60,091,600	41,519,500
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	125,999,022	124,653,800	145,591,800	136,422,100
dd—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,143,955	...	757,300	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*64,824*	*1,918,200*	*705,000*	*4,111,000*
TOTAL EXPENDITURE CHARGED TO REVENUE	....	127,078,153	122,735,600	145,644,100	132,311,100
SURPLUS	...	...	668,600	...	2,514,800
TOTAL	...	127,078,153	123,404,200	145,644,100	134,825,900

(b) Includes £12,700,300 for further assistance from Indian revenues towards the cost of the military forces raised in India.
(c) „ £ 8,695,000 „ „ „ „
(d) „ £ 800,000 „ „ „ „

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Surplus	C	...	668,600	...	2,514,800
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	„	...	...	—73,600	...
Capital raised and deposited by Railway Companies (net)	„	...	165,700	...	110,300
TOTAL CAPITAL ACCOUNT RECEIPTS		...	165,700	—73,600	110,300
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	724,000	4,763,700	9,178,400
Temporary Debt (net incurred)	„	19,572,725	...	...	...
[illegible]nfunded Debt (net incurred)	„	4,326,394	3,130,400	933,400	2,125,500
[illegible]its and Advances (net)	„	...	21,111,100	12,487,400	15,614,600
[illegible] Advances by Imperial Government (net Repayments)	„	...	...	84,400	...
[illegible]dvances by Provincial Governments (net Repay-	„	...	...	...	608,900
[illegible]ocal Boards for Railway Construction (net Repay-[illegible]ts)	„	17,290	9,000	9,100	9,400
[illegible]ittances (net)	„	8,963,834	6,174,800	572,100	271,800
Secretary of State's Bills drawn	„	6,599,945	12,250,000	31,226,200	8,375,000
Sterling Transfers on London drawn	„	5,315,000	...	24,544,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		44,795,188	43,398,300	74,620,300	36,183,600
TOTAL RECEIPTS	...	44,795,188	44,233,100	74,546,700	38,808,700
Opening Balance—India	...	15,325,177	12,475,477	17,300,258	14,267,458
England	...	16,625,416 (a)	13,200,616 (b)	14,715,827 (a)	13,066,127 (a)
TOTAL	...	76,745,781	69,909,193	106,562,785	66,142,285

(a) Include balances of the Gold Standard Reserve as shown
(b) Of this amount £6,000,099

DELHI,
FINANCE DEPARTMENT,
March 22, 1920.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England.

	For details, vide Statement.	Disbursements. Accounts, 1918-1919.	Budget Estimate, 1919-1920.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.
		£	£	£	£
Deficit	C	3,820,409	...	10,074,100	...
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	236,722	433,300	235,900	575,400
Outlay on State Railways	"	4,857,499	16,370,500	9,100,100	13,276,700
Initial outlay on new Capital at Delhi	"	285,793	300,000	333,800	735,800
Outlay of Railway Companies (net)	"	—582,682	1,499,400	734,300	1,507,700
Capital raised and deposited by Railway Companies (net)	...	1,419,639	...	339,600	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		6,216,971	18,603,200	10,743,700	16,095,600
Debt, Deposits and Advances—					
Permanent Debt (net discharged)		14,590,686	...	...	...
Temporary Debt (net discharged)	C	...	14,994,700	1,488,900	24,786,800
Deposits and Advances (net)	"	5,412,915	...	...	...
Loans and Advances by Imperial Government (net Advances)	"	35,470	59,500	...	
Loans and Advances by Provincial Governments (net Advances)	"	1,325,176	760,100	972,300	
Secretary of State's Bills paid	"	8,193,069	12,250,000	31,226,200	8,[illegible]
Sterling Transfers on London paid	"	5,135,000	...	24,724,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	34,692,316	28,064,300	58,411,400	33,576,900
TOTAL DISBURSEMENTS	...	44,729,696	46,667,500	79,229,200	49,672,500
Closing Balance—India	...	17,300,258	12,322,577	14,267,458	12,379,158
England	...	14,715,827 (a)	10,939,116 (b)	13,066,127 (a)	4,090,627 (a)
TOTAL	...	76,745,781	69,909,193	106,562,785	66,142,285

in the notes on pages 284 and 285.
represents the funds of the Gold Standard Reserve.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

A.—Statement of the Revenue o

HEADS OF REVENUE.	ACCOUNTS, 1918-1919.					REVISED	
	India.	England.	Total.	Distribution of Total between		India.	England
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	21,089,944	...	21,089,944	10,155,218	10,934,726	22,090,800	...
II.—Opium	3,289,111	...	3,289,111	3,289,111	...	2,990,800	...
III.—Salt	4,277,989	...	4,277,989	4,277,989	...	3,754,000	...
IV.—Stamps	6,018,976	...	6,018,976	3,071,432	2,947,544	7,223,100	...
V.—Excise	11,557,518	...	11,557,518	3,207,184	8,350,334	12,752,300	...
VI.—Provincial Rates	28,012	...	28,012	73	27,939	36,100	...
VII.—Customs	12,120,641	...	12,120,641	12,120,641	...	14,919,500	...
VIII.—Income Tax	7,758,462	...	7,758,462	5,180,047	2,578,415	15,771,000	...
IX.—Forest	3,121,255	...	3,121,255	156,169	2,965,086	3,659,800	...
X.—Registration	572,652	...	572,652	7,955	564,697	723,800	...
XI.—Tributes from Indian States	594,354	...	594,354	594,354	...	626,000	...
Total	70,428,914	...	70,428,914	42,060,173	28,368,741	84,547,200	...
XII.—Interest	1,054,182	2,775,240	3,829,422	3,569,348	260,074	1,306,700	3,078,400
XIII.—Posts and Telegraphs	5,329,967	13,000	5,342,967	5,342,967	...	5,942,700	54,100
XV.—Mint	1,826,741	73	1,826,814	1,826,814	...	1,669,600	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	420,943	...	420,943	22,189	398,754	485,600	...
XVI.—Law and Justice { Jails	511,728	...	511,728	89,677	422,051	417,300	...
XVII.—Police	185,837	...	185,837	4,496	181,341	170,600	...
XVIII.—Ports and Pilotage	132,176	...	132,176	...	132,176	136,700	...
XIX.—Education	304,300	...	304,300	7,057	297,243	325,800	...
XXA.—Medical	110,785	231	111,016	1,655	109,361	113,800	300
XXB.—Sanitation	33,706	...	33,706	6,776	26,930	46,000	...
XXIA.—Agriculture	169,436	...	169,436	40,753	128,683	182,900	...
XXIB.—Scientific and Miscellaneous Departments	225,046	614	225,660	16,096	209,564	276,600	1,800
Total	2,093,957	845	2,094,802	188,699	1,906,103	2,155,300	2,100
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	179,641	37,506	217,147	126,213	90,934	186,500	48,700
XXI.—Stationery and Printing	120,358	...	120,358	53,998	66,360	134,600	...
Exchange	4,834,412	...	4,834,412	4,834,412	...	...	...
Miscellaneous	1,535,729	20,812	1,556,541	1,343,245	213,296	1,411,300	86,700
Total	6,670,140	58,318	6,728,458	6,357,868	370,590	1,732,400	130,400
——							
State Railways (Gross Receipts)	50,817,400	20,595	50,837,995	50,829,892	8,103	52,833,300	48,600
Direct—Working Expenses	*24,717,786*	...	*24,717,786*	*24,709,980*	*7,806*	*30,133,400*	...
Surplus profits paid to Companies, etc.	*1,264,237*	...	*1,264,237*	*1,264,237*	...	*1,371,200*	...
Net Receipts	24,835,377	20,595	24,855,972	24,855,675	297	21,328,700	48,600
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	11,923	94,344	106,267	106,267	...	11,900	218,100
Total	24,847,300	114,939	24,962,239	24,961,942	297	21,340,600	266,700
Irrigation—							
XXIX.—Major Works: Direct Receipts	3,139,418	...	3,139,418	1,353,909	1,785,509	3,546,700	...
Portion of Land Revenue due to Irrigation	1,904,477	...	1,904,477	1,034,237	870,240	2,000,700	...
XXX.—Minor Works and Navigation	302,612	...	302,612	106,970	195,642	296,200	...
Total	5,346,507	...	5,346,507	2,495,116	2,851,391	5,843,600	...
Other Public Works—							
XXXI.—Civil Works	347,649	...	347,649	53,991	293,658	363,500	...
Military Receipts—							
XXXII.—Army: Effective	1,494,286	231,740	1,726,026	1,726,026	...	1,041,500	255,000
Non-Effective	81,575	34,841	116,416	116,416	...	64,800	5,411,000
	1,575,861	266,581	1,842,442	1,842,442	...	1,106,300	5,666,000
XXXIII.—Marine	405,772	...	405,772	405,772	...	275,300	...
XXXIV.—Military Works	101,758	...	101,758	101,758	...	94,000	...
Total	2,083,391	266,581	2,349,972	2,349,972	...	1,475,600	(a) 5,666,000
Transfers between Imperial and Provincial Revenues	...	...	...	—2,269,168	+2,269,168	...	...
TOTAL REVENUE	120,028,748	3,228,996	123,257,744	86,937,722	36,320,022	126,377,200	9,192,800

(a) Includes a repayment of £5,370,000 by His Majesty's Government—*vide* note (a) on page 272.

India, in India and in England.

ESTIMATE, 1919-1920.				BUDGET ESTIMATE, 1920-1921.						
Total.	Distribution of Total between		Increase + Decrease — as compared with Budget Estimate, 1919-1920.	India.	England.	Total.	Distribution of Total between		Increase + Decrease — of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease — of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
22,090,800	10,813,600	11,277,200	−595,600	23,797,800	...	23,797,800	11,486,000	12,311,800	+1,111,400	+1,707,000
2,990,800	2,990,800	...	−65,400	2,942,000	...	2,942,000	2,942,000	...	−114,200	−48,800
3,754,000	3,754,000	...	−160,300	4,488,400	...	4,488,400	4,488,400	...	+574,100	+734,400
7,223,100	3,681,900	3,541,200	+1,126,000	7,507,500	...	7,507,500	3,828,100	3,679,400	+1,410,400	+284,400
12,752,300	3,649,800	9,102,500	+599,000	13,674,000	...	13,674,000	3,942,300	9,731,700	+1,520,700	+921,700
36,100	200	35,900	+1,500	37,400	...	37,400	200	37,200	+2,800	+1,300
14,919,500	14,919,500	...	+1,567,100	17,009,700	...	17,009,700	17,009,700	...	+3,657,300	+2,090,200
15,771,000	12,418,900	3,352,100	+3,216,100	11,390,400	...	11,390,400	7,537,900	3,852,500	−3,164,500	−4,380,600
3,659,800	153,600	3,506,200	+307,000	3,770,900	...	3,770,900	166,100	3,604,800	+418,100	+111,100
723,800	8,700	715,100	+155,600	745,200	...	745,200	8,600	736,600	+177,000	+21,400
626,000	626,000	...	+12,700	616,300	...	616,300	616,300	...	+3,000	−9,700
84,547,200	53,017,000	31,530,200	+5,163,700	85,979,600	...	85,979,600	52,025,600	33,954,000	+6,596,100	+1,432,400
3,380,100	4,020,200	359,900	+742,700	1,323,600	2,692,000	4,015,600	3,621,800	393,800	+378,200	−364,500
5,996,800	5,996,800	...	+280,000	6,151,700	32,500	6,184,200	6,184,200	...	+467,400	+187,400
1,669,700	1,669,700	...	+313,200	679,500	...	679,500	679,500	...	−677,000	−990,200
485,600	29,000	456,600	+49,800	464,700	...	464,700	22,700	442,000	+28,400	−20,900
417,300	59,600	357,700	+3,700	398,700	...	398,700	59,400	339,300	−14,900	−18,600
170,600	12,800	157,800	+42,000	140,000	...	140,000	6,700	133,300	+11,400	−30,600
136,700	...	136,700	+11,200	150,600	...	150,600	...	150,600	+25,100	+13,900
325,800	8,000	317,800	+1,800	327,000	...	327,000	7,900	319,100	+2,500	+1,200
114,100	2,100	112,000	+9,300	115,400	300	115,700	2,060	113,700	+10,900	+1,600
46,000	16,300	29,700	+12,900	41,000	...	41,000	16,400	24,600	+7,900	−5,000
182,900	29,300	153,600	+17,800	190,100	...	190,100	29,500	160,600	+25,000	+7,200
278,400	16,700	261,700	+52,400	250,400	1,300	251,700	30,900	220,800	+25,700	−26,700
2,157,400	178,800	1,983,600	+199,900	2,077,900	1,600	2,079,500	175,500	1,904,000	+122,000	−77,900
230,200	127,300	102,900	+6,800	190,400	43,700	234,100	132,000	102,100	+10,200	+3,90
134,600	58,300	76,300	+30,100	134,500	...	134,500	61,400	73,100	+30,000	−1
...	....	...	−1,066,700	4,000,000	...	4,000,000	4,000,000	...	+2,933,300	+4,000
1,498,000	1,255,900	242,100	+335,700	1,767,000	141,200	1,908,200	1,032,300	875,900	+745,900	+41
1,862,800	1,441,500	421,300	−694,600	6,091,900	184,900	6,276,800	5,225,700	1,051,100	+3,719,400	+4,414,000
52,881,900	52,872,400	9,500	−500,000	56,000,000	48,600	56,048,600	56,038,600	10,000	+2,666,700	+3,166,700
30,133,400	*30,124,200*	*9,200*	+800,000	*33,373,300*	...	*33,373,300*	*33,363,000*	*10,300*	−2,439,900	−3,239,900
1,371,200	*1,371,200*	...	−144,600	*1,066,700*	...	*1,066,700*	*1,066,700*	...	+159,900	+304,500
21,377,300	21,377,000	300	+155,400	21,560,000	48,600	21,608,600	21,608,900	−300	+386,700	+231,300
230,000	230,000	...	+79,000	11,100	155,000	166,100	166,100	...	+15,100	−63,900
21,607,300	21,607,000	300	+234,400	21,571,100	203,600	21,774,700	21,775,000	−300	+401,800	+167,400
3,546,700	1,511,400	2,035,300	+319,800	3,494,100	...	3,494,100	1,529,000	1,965,100	+267,200	−52,600
2,000,700	1,082,500	918,200	+41,700	2,130,500	...	2,130,500	1,147,300	983,200	+171,500	+129,800
296,200	104,500	191,700	−29,800	320,600	...	320,600	119,700	200,900	−5,400	+24,400
5,843,600	2,698,400	3,145,200	+331,700	5,945,200	...	5,945,200	2,796,000	3,149,200	+433,300	+101,600
363,500	60,700	302,800	+40,500	371,300	...	371,300	60,600	310,700	+48,300	+7,800
1,296,500	1,296,500	...	+202,160	930,700	237,000	1,167,700	1,167,700	...	+73,300	−128,800
5,475,800	5,475,800	...	+5,365,900	57,800	41,000	98,800	98,800	...	−11,100	−5,377,000
6,772,300	6,772,300	...	+5,568,000	988,500	278,000	1,266,500	1,266,500	...	+62,200	−5,505,800
275,300	275,300	...	−23,700	161,000	...	161,000	161,000	...	−138,000	−114,300
94,000	94,000	...	+10,000	92,000	...	92,000	92,000	...	+8,000	−2,000
7,141,600	7,141,600	...	+5,554,300	1,241,500	278,000	1,519,500	1,519,500	...	−67,800	−5,622,100
...	−1,776,300	+1,776,300	...	...	...	...	−1,137,200	+1,137,200	...	...
135,570,000	96,050,400	39,519,600	+12,165,300	131,433,300	3,392,600	134,825,900	93,926,200	41,899,700	+11,421,700	−744,100

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1918-1919.					REVIS	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	1,257,958	...	1,257,958	1,113,209	144,749	1,379,200	...
2.—Assignments and Compensations	1,229,578	...	1,229,578	507,512	722,066	1,826,400	...
Charges in respect of Collection, *viz.* :—							
3.—Land Revenue	4,102,960	1,373	4,104,333	280,623	3,823,710	4,265,700	3,600
4.—Opium (including cost of Production)	1,307,289	596	1,307,885	1,307,885	...	897,700	1,400
5.—Salt (including cost of Production)	550,910	2,190	553,100	553,100	...	560,800	2,800
6.—Stamps	66,673	153,248	219,921	137,931	81,990	83,500	175,000
7.—Excise	538,328	200	538,528	159,902	378,626	602,600	900
9.—Customs	303,052	120	303,172	303,172	...	307,500	400
10.—Income Tax	55,631	...	55,631	28,428	27,203	100,900	...
11.—Forest	1,925,034	1,877	1,926,911	119,934	1,806,977	2,123,900	8,700
12.—Registration	290,105	...	290,105	2,261	287,844	321,800	...
Total	11,627,518	159,604	11,787,122	4,513,957	7,273,165	11,970,000	192,800
Interest—							
13.—Interest on Debt	8,440,126	8,400,805	16,840,931	15,847,522	993,409	10,826,700	7,582,10
Deduct—Amounts chargeable to Railways†	*4,661,715*	*3,639,488*	*8,301,203*	*8,301,203*	...	*5,000,500*	*3,673,800*
" Amounts chargeable to Irrigation	*1,414,808*	*124,596*	*1,539,404*	*795,182*	*744,222*	*1,435,000*	*125,000*
Remainder chargeable on Ordinary Debt	2,363,603	4,636,721	7,000,324	6,751,137	249,187	3,891,200	3,783,300
14.—Interest on other obligations	1,126,766	...	1,126,766	1,126,766	...	1,259,700	...
Total	3,490,369	4,636,721	8,127,090	7,877,903	249,187	5,150,900	3,783,300
15.—Posts and Telegraphs	3,748,639	226,315	3,974,954	3,974,954	...	4,175,700	549,600
17.—Mint	267,791	38,019	305,810	305,810	...	295,700	60,500
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,827,842	661,872	2,489,714	1,531,825	958,389	1,958,000	738,600
—Law and Justice { Courts	3,448,928	536	3,449,464	80,479	3,368,985	3,690,800	21,500
Jails	1,408,884	587	1,409,471	190,577	1,218,894	1,563,200	...
—Police	6,109,164	562	6,109,726	349,197	5,760,529	6,797,000	3,000
Ports and Pilotage	221,474	60	221,534	60	221,474	309,100	500
ducation	3,959,080	15,446	3,974,526	141,734	3,832,792	4,507,500	15,600
clesiastical	136,685	107	136,792	136,792	...	134,100	600
Medical	1,101,695	7,842	1,109,537	97,859	1,011,678	1,316,700	27,100
24B.—Sanitation	629,627	625	630,252	88,861	541,891	849,500	4,500
25.—Political	2,632,467	21,402	2,653,869	2,464,394	189,475	2,079,300	68,800
26A.—Agriculture	819,128	3,974	823,102	88,854	734,248	955,800	3,200
26B.—Scientific and Miscellaneous Departments	649,357	30,874	680,231	301,015	379,216	757,900	42,700
Total	22,944,331	743,887	23,688,218	5,470,647	18,217,571	24,918,900	926,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	192,902	—7,678	185,224	185,224	...	192,500	17,000
28.—Civil Furlough and Absentee Allowances	3,501	137,408	140,909	140,909	...	5,000	600,000
29.—Superannuation Allowances and Pensions	1,585,833	1,939,367	3,525,200	2,070,287	1,454,913	1,651,600	2,063,000
30.—Stationery and Printing	1,008,236	101,500	1,109,736	562,280	547,456	1,049,500	166,100
32.—Miscellaneous	756,383	575,324	1,331,707	874,848	457,359	691,700	61,900
Total	3,546,855	2,745,921	6,292,776	3,833,048	2,459,728	3,590,300	2,907,900
Famine Relief and Insurance—							
33.—Famine Relief	307,767	...	307,767	231,257	76,510	885,800	...
34.—Construction of Protective Railways	—19	...	—19	—19	...	...	...
35.—Construction of Protective Irrigation Works	312,309	940	313,249	313,249	...	359,300	3,000
36.—Reduction or Avoidance of Debt	379,003	...	379,003	379,003	...	...	...
Total	999,060	940	1,000,000	923,490	76,510	1,245,100	3,000
Carried over	46,624,563	8,551,407	55,175,970	26,899,809	28,276,161	51,846,600	8,423,200

	ACCOUNTS, 1918-1919.			REVISED ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.
†Included under the following heads:—						
State Railways—Interest on Debt	£ 4,642,479	£ 3,558,238	£ 8,200,717	£ 4,980,100	£ 3,592,600	£ 8,572,700
Ditto —Interest chargeable against Companies on Advances	19,236	81,250	100,486	20,400	81,200	101,600
Total	4,661,715	3,639,488	8,301,203	5,000,500	3,673,800	8,674,300

Revenues of India, in India and in England.

ESTIMATE, 1919-1920.			Increase + Decrease — as compared with Budget Estimate, 1919-1920.	BUDGET ESTIMATE, 1920-1921.					Increase + Decrease — of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease — of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
1,379,200	1,054,400	324,800	+686,000	971,500	...	971,500	742,700	228,800	+278,300	—407,700
1,326,400	606,700	719,700	+30,300	1,374,500	...	1,374,500	579,300	795,200	+78,400	+48,100
4,269,300	290,800	3,978,500	+117,000	5,177,600	1,600	5,179,200	293,600	4,885,600	+1,026,900	+909,900
899,100	899,100	...	—147,900	1,160,500	2,700	1,163,200	1,163,200	...	+117,100	+264,100
563,600	563,600	...	—41,.00	767,400	1,600	769,000	769,000	...	+164,300	+205,400
258,500	163,900	94,600	+92,300	79,300	110,000	189,300	94,400	94,900	+25,100	—69,200
603,500	175,700	427,800	+32,300	725,500	500	726,000	178,500	547,500	+155,300	+122,500
307,900	307,900	...	—6,.00	386,700	200	386,900	326,900	...	+72,800	+79 00[illegible]
100,900	54,300	46,600	+5,700	133,600	...	133,600	69,900	63,700	+38,400	+32,700
2,132,600	156,900	1,975,700	+81,100	2,426,200	35,500	2,461,700	251,900	2,209,800	+410,200	+329,100
321,800	2,300	319,500	+19,600	335,200	...	335,200	2,400	332,800	+32,000	+13,40[illegible]
12,162,800	4,275,600	7,887,200	+869,500	13,538,000	152,100	13,690,100	4,531,800	9,158,300	+2,396,800	+1,527,300
[illegible]7,908,800	16,832,700	1,076,100	+1,168,900	10,433,300	7,239,400	17,672,700	16,570,200	1,102,500	+932,800	—236,100
[illegible]8,674,300	*8,674,300*	...	—115,700	*5,491,800*	*3,756,900*	*9,238,200*	*9,238,200*	...	—679,600	—563,900
[illegible],500,000	*508,800*	*751,200*	+3,700	*1,459,300*	*125,700*	*1,585,000*	*824,500*	*760,500*	—21,300	—25,000
[illegible]674,500	7,[illegible]49,600	324,900	+1,056,900	3,492,700	3,356,800	6,849,500	6,507,500	342,000	+231,900	—825,000
[illegible],259,700	1,259,700	...	+113,300	1,343,000	...	1,343,000	1,343,000	...	+197,100	+83,300
8,934,200	8,609,300	324,900	+1,170,700	4,835,700	3,356,800	8,192,500	7,850,500	342,000	+429,000	—741,700
4,725,300	4,725,300	...	+145,100	4,800,000	1,183,500	6,073,500	6,073,500	...	+1,493,300	+1,348,200
356,200	356,200	...	+71,700	195,400	62,800	258,200	258,200	...	—26,300	—98,000
2,696,600	1,644,900	1,051,700	+345,300	2,081,700	742,700	2,824,400	1,724,100	1,100,300	+473,100	+127,800
3,712,300	105,900	3,606,400	+168,800	3,831,800	2,600	3,834,400	83,500	3,750,900	+290,900	+122,100
1,563,200	196,300	1,366,900	+316,100	1,457,100	...	1,457,100	199,100	1,258,000	+210,000	—106,100
6,800,900	457,100	6,342,900	+460,100	6,949,900	2,800	6,952,700	407,500	6,545,200	+612,800	+152,700
309,600	500	309,100	+90,000	262,000	300	262,300	300	262,000	+42,700	—47,300
4,523,100	155,900	4,367,200	—365,500	5,577,200	13,000	5,590,200	382,400	5,207,800	+701,600	+1,067,100
134,700	134,700	...	—11,700	147,300	400	147,700	147,700	...	+1,300	+13,000
1,343,800	130,300	1,213,500	—4,300	1,670,200	16,600	1,686,800	134,400	1,552,400	+338,700	+343,000
854,000	145,200	708,800	—140,200	1,341,400	2,000	1,343,400	225,600	1,117,800	+349,200	+489,400
2,148,100	1,954,900	193,200	+364,300	1,876,200	30,200	1,906,400	1,680,200	226,200	+122,600	—241,700
959,000	99,100	859,900	—58,600	1,305,000	10,200	1,315,200	147,900	1,167,300	+297,600	+356,200
800,600	478,400	322,200	+131,600	937,600	36,800	974,400	580,700	393,700	+305,400	+173,800
25,845,000	5,503,200	20,341,800	+ 1,295,900	27,437,400	857,600	28,295,000	5,713,400	22,581,600	+3,745,900	+2,450,000
209,500	209,500	...	+8,600	194,900	11,100	206,000	206,000	...	+5,100	—3,500
605,000	605,000	...	+302,700	3,200	1,100,000	1,103,200	1,103,200	...	+300,900	+498,200
3,714,600	2,203,200	1,511,400	+96,500	1,696,900	2,302,000	3,998,900	2,432,000	1,566,900	+380,800	+284,300
1,215,500	591,800	623,700	+225,900	981,000	134,500	1,115,500	488,500	627,000	+125,900	—100,000
753,600	329,200	424,400	—274,600	2,136,100	55,000	2,191,100	613,600	1,577,500	+1,162,900	+1,437,500
6,498,200	3,938,700	2,559,500	+359,100	5,012,100	3,602,600	8,614,700	4,843,300	3,771,400	+2,475,600	+2,116,500
885,800	665,600	220,200	—550,000	19,500	...	19,500	14,600	4,900	—1,416,300	—866,300
...	...	...	...	...	...	...	...	...	...	...
362,300	362,300	...	+9,000	341,200	18,800	360,000	360,000	...	+6,700	—2,300
...	...	...	...	620,500	...	620,500	620,500	...	+620,500	+620,500
1,248,100	1,027,900	220,200	—541,000	981,200	18,800	1,000,000	995,100	4,900	—789,100	—248,100
59,769,800	28,436,200	31,333,600	+3,371,000	56,889,800	9,234,200	66,124,000	30,265,800	35,858,200	+9,725,200	+6,354,200

BUDGET ESTIMATE, 1920-1921.		
India	England.	Total.
£	£	£
5,460,000	3,675,700	9,135,700
21,300	81,200	102,500
5,481,300	3,756,900	9,238,200

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1918-1919.					REVISED
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	46,624,563	8,551,407	55,175,970	26,899,809	28,276,161	51,346,600	8,423,200
Railways—							
38.—State Railways: Interest on Debt	4,642,479	3,558,238	8,200,717	8,200,717	...	4,980,100	3,592,600
Annuities in purchase of Railways	...	3,357,595	3,357,595	3,357,595	...	...	3,357,600
Sinking Funds	...	242,886	242,886	242,886	...	...	255,500
Interest chargeable against Companies on Advances	19,236	81,250	100,486	100,486	...	20,400	81,200
Interest on Capital deposited by Companies	50,078	2,126,597	2,176,675	2,176,675	...	54,100	2,118,000
40.—Subsidised Companies: Land, etc.	20,786	...	20,786	20,112	674	44,000	...
41.—Miscellaneous Railway Expenditure	294,997	...	294,997	294,959	38	86,700	...
Total	5,027,576	9,366,566	14,394,142	14,393,430	712	5,185,300	9,404,900
Irrigation—							
42.—Major Works: Working Expenses	1,423,080	...	1,423,080	689,440	733,640	1,527,500	...
Interest on Debt	1,414,808	124,596	1,539,404	795,182	744,222	1,435,000	125,000
43.—Minor Works and Navigation	984,345	...	984,345	310,623	673,722	1,143,700	...
Total	3,822,233	124,596	3,946,829	1,795,245	2,151,584	4,106,200	125,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	5,376	...	5,376	...	5,376	6,000	...
45.—Civil Works	5,609,705	36,790	5,646,495	839,437	4,807,058	6,768,400	134,600
Total	5,615,081	36,790	5,651,871	839,437	4,812,434	6,774,400	134,600
Military Services—							
46.—Army: Effective	36,828,187	2,414,118	39,242,305	39,242,305	...	45,792,600	1,878,900
Non-Effective	1,061,204	2,503,784	3,564,988	3,564,988	...	1,235,700	3,576,100
	37,889,391	4,917,902	42,807,293	42,807,293	...	47,028,300	8,455,000
46A.—Marine	544,835	582,811	1,127,646	1,127,646	...	417,000	855,000
47.—Military Works	2,845,848	49,423	2,895,271	2,895,271	...	3,167,100	169,200
Total	41,280,074	5,550,136	(a) 46,830,210	46,830,210	...	50,612,400	9,479,200
Total Expenditure, Imperial and Provincial	102,369,527	23,629,495	125,999,022	90,758,131	35,240,891	118,024,900	27,566,900
Add—Portion of Allotments to Provincial Governments not spent by them in the year	1,143,955	...	1,143,955	...	1,143,955	757,300	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*64,824*	...	*64,824*	...	*64,824*	*705,000*	...
Total Expenditure charged to Revenue	103,448,658	23,629,495	127,078,153	90,758,131	36,320,022	118,077,200	27,566,900

	ACCOUNTS, 1918-1919.		
	India.	England.	Total.
Capital Expenditure not charged to Revenue—	£	£	£
48.—State Railways	4,225,357	632,142	4,857,499
49.—Irrigation Works	235,509	1,213	236,722
Total	4,460,866	633,355	5,094,221
51.—Initial Expenditure on new Capital at Delhi	284,455	1,338	285,793

Revenues of India, in India and in England—*continued.*

...TIMATE, 1919-1920.			Increase + Decrease − as compared with Budget Estimate, 1919-1920.	BUDGET ESTIMATE, 1920-1921.					Increase + Decrease − of Budget, 1920-1921, as compared with Budget Estimate, 1919-1920.	Increase + Decrease − of Budget, 1920-1921, as compared with Revised Estimate, 1919-1920.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
59,769,800	28,436,200	31,333,600	+3,371,000	56,889,800	9,234,200	66,124,000	30,265,800	35,858,200	+9,725,200	+6,354,200
8,572,700	8,572,700	...	+117,500	5,460,000	3,675,700	9,135,700	9,135,700	...	+680,500	+563,000
3,357,600	3,357,600	...	...	...	3,357,600	3,357,600	3,357,600	...	...	...
255,500	255,500	...	...	...	270,400	270,400	270,400	...	+14,900	+14,900
101,600	101,600	...	−1,800	21,300	81,200	102,500	102,500	...	−900	+900
2,172,100	2,172,100	...	+5,600	56,900	2,153,500	2,210,400	2,210,400	...	+43,900	+38,800
44,000	43,300	700	...	34,400	...	34,400	33,300	1,100	−9,600	−9,600
86,700	86,600	100	...	80,100	93,000	173,100	173,000	100	+86,400	+86,400
14,590,200	14,589,400	800	+121,300	5,652,700	9,631,400	15,284,100	15,282,900	1,200	+815,200	+693,900
1,527,500	750,200	777,300	+109,400	1,470,200	...	1,470,200	718,000	752,200	+52,100	−57,300
1,560,000	808,800	751,200	−3,700	1,459,300	125,700	1,585,000	824,500	760,500	+21,800	+25,000
1,143,700	371,100	772,600	+54,400	1,335,200	....	1,335,200	415,200	920,000	+245,900	+191,500
4,231,200	1,930,100	2,301,100	+160,100	4,264,700	125,700	4,390,400	1,957,700	2,432,700	+319,300	+159,200
6,000	...	6,000	+900	4,000	...	4,000	...	4,000	−1,100	−2,000
6,903,000	1,077,200	5,825,800	−24,600	9,046,900	53,200	9,100,100	1,385,600	7,714,600	+2,172,500	+2,197,100
6,909,000	1,077,200	5,831,800	−23,700	9,050,900	53,200	9,104,100	1,385,500	7,718,600	+2,171,400	+2,195,100
50,671,500	50,671,500	...	+15,496,300	26,284,500	6,208,400	32,492,900	32,492,900	....	−2,682,300	−18,178,600
4,811,800	4,811,800	...	+257,300	1,940,400	3,097,100	5,037,500	5,037,500	...	+483,000	+225,700
55,483,300	55,483,300	...	+15,753,600	28,224,900	9,305,500	37,530,400	37,530,400	...	−2,199,300	−17,952,900
1,272,000	1,272,000	...	+40,400	495,200	493,900	989,100	989,100	...	−242,500	−282,900
3,336,300	3,336,300	...	+1,515,300	2,885,000	115,000	3,000,000	3,000,000	...	+1,179,000	−336,300
(a) 60,091,600	60,091,600	...	+17,309,300	31,605,100	9,914,400	41,519,500	41,519,500	...	−1,262,800	−18,572,100
145,891,900	106,124,500	39,467,300	+20,938,000	107,463,200	28,958,900	136,422,100	90,411,400	46,010,700	+11,768,300	−9,169,700
757,300	...	757,300	+757,300	...	...	...	...	...	...	−757,300
705,000	...	*705,000*	+1,213,200	*4,111,000*	...	*4,111,000*	...	*4,111,000*	−2,192,800	−3,406,000
145,644,100	106,124,500	39,519,600	+22,908,500	103,352,200	28,958,900	132,311,100	90,411,400	41,899,700	+9,575,500	−13,333,000

REVISED ESTIMATE, 1919-1920.			BUDGET ESTIMATE, 1920-1921.		
India.	England.	Total.	India.	England.	Total.
£	£	£	£	£	£
5,856,400	3,243,700	9,100,100	9,171,100	4,105,600	13,276,700
215,900	20,000	235,900	551,200	24,200	575,400
6,072,300	3,263,700	9,336,000	9,722,300	4,129,800	13,852,100
316,600	17,200	333,800	598,100	137,700	735,800

(a) Include £12,700,300 in the Accounts for 1918-19 and £800,000 in the Revised Estimate for 1919-20 for further assistance from Indian revenues towards the cost of the military forces raised in India.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A) .	120,028,748	3,228,996	123,257,744	126,377,200	9,192,800	135,570,000	131,433,300	3,392,600	134,825,900
Excess of Revenue over Expenditure charged to Revenue	...	...	**-3,820,409**			**-10,074,100**			**2,514,800**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	...	...		-73,600	...	-73,600	...	...	...
Capital contributed by Indian States towards construction of State Railways . . .	...	...		...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments . . .	...	42,252	42,252	...	97,100	97,100	...	62,000	62,000
Net .			0			0			0
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital . . .	112,261	...	112,261	113,400	...	113,400	110,800	4,071,900	4,182,300
Net .			0			0			110,300
Permanent Debt Incurred—									
Sterling Debt—									
British Government 5 per cent. War loan, 1929-47	...	...		...	...		...	...	
Rupee Debt—									
Rupee Loan . . .	...	...		...	...		10,000,000	...	
5½ per cent. War Bonds 1925	2,796,602	...		8,500	...		...	...	
Do. Do. 1928	16,834,777	...		34,900	...		...	...	
5 per cent. War Loan 1929-47	1,813	...		1,000	...		...	...	
5 per cent. Loan 1945—55 .	...	...		14,188,700	...		...	...	
Total .	19,633,192	...	19,633,192	14,233,100	...	14,233,100	10,000,000	...	10,000,000
Net .			0			4,763,700			9,178,400
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	860	...		-100	...		...	...	
Do. do. 1922	158	...		300	...		...	...	
Do. do. 1921	16,868,891	...		-6,700	...		...	...	
Do. do. 1923	1,013,695	...		-24,000	...		...	...	
Treasury Bills . . .	62,263,067	...		65,826,700	...		53,333,300	...	
Other Temporary Loans .	11,338,147	...		12,333,300	...		...	...	
Total .	92,084,318	...	92,084,318	78,129,500	...	78,129,500	53,333,300	...	53,333,300
Net .			19,572,725			0			0
Unfunded Debt—									
Post Office Cash Certificates	2,108,248	...		593,300	...		1,333,300	...	
Deposits of Service Funds .	87,773	125		87,700	...		86,700	...	
Savings Bank Deposits .	13,663,244	...		14,012,600	...		14,796,200	...	
Total .	15,859,265	125	15,859,390	14,693,600	...	14,693,600	16,216,200	...	16,216,200
Net .			4,326,394			933,400			2,125,500
Deposits and Advances—									
Balances of Provincial Allotments	1,143,955	...		757,300	...		...	...	
Appropriation for Reduction or Avoidance of Debt .	379,003	...		...	...		620,500	...	
Deposits of Local Funds—									
District Funds . .	6,438,195	...		6,774,300	...		6,588,900	...	
Other Funds . . .	1,321,153	...		1,333,200	...		1,476,200	...	
Deposits of Sinking Funds .	17,826	...		18,500	...		19,200	...	
Gold Standard Reserve .	269,986	32,426,974		...	26,350,200		...	48,126,300	
Paper Currency Reserve .	...	115,583,459		...	154,430,500		...	175,988,400	
Consols Depreciation Fund	...	763,744		...	40,200		...	165,400	
Depreciation Fund for Rupee Loans . . .	273,333	...		486,700	...		686,700	...	
Special Reserve . .	...	22,798,331		...	12,056,900		...	...	
Deposit Account with the United States of America.	34,680,000	...		7,066,800	...		...	...	
Appropriation for meeting deficiency in Paper Currency Reserve . .	...	...		8,000,000	...		8,000,000	...	
Sales of Telegraphic Transfers against gold received in India . . .	...	...		1,993,200	...		...	...	
Departmental and Judicial Deposits . . .	42,978,792	...		58,293,200	...		49,105,100	...	
Advances . . .	12,640,837	2,252,189		14,221,800	1,978,500		10,576,400	373,500	
Suspense Accounts . .	410,239	...		1,062,500	...		9,693,200	...	
Miscellaneous . . .	324,696	1,210,076		540,200	2,464,100		766,900	2,208,900	
Total . .	100,878,035	175,036,773	275,914,808	95,547,700	197,320,400	292,868,100	87,533,100	226,862,500	314,395,600
Net .			0			12,487,400			15,614,600
Carried over .	348,595,819	178,308,146		329,020,900	206,610,800		298,626,200	234,389,000	

Government of India, in India and in England.

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	102,869,527	23,629,495	125,999,022	118,024,900	27,566,900	145,591,800	107,463,200	28,958,900	136,422,100
Add—Provincial Surpluses transferred to "Deposits"	1,143,955	...	1,143,955	757,300	...	757,300	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	*64,824*	...	*64,824*	*705,000*	...	*705,000*	*4,111,000*	...	*4,111,000*
Total	103,448,658	23,629,495	127,078,153	118,077,200	27,566,900	145,644,109	103,352,200	28,958,900	132,311,100
Railway, Irrigation, and other Capital not charged to Revenue—									
Outlay on Irrigation Works	235,509	1,213	236,722	215,900	20,000	235,900	551,200	24,200	575,400
Outlay on State Railways	4,225,357	632,142	4,857,499	5,856,400	3,243,700	9,100,100	9,171,100	4,105,600	13,276,700
Initial expenditure on new Capital at Delhi	284,455	1,338	285,793	316,600	17,200	333,800	598,100	137,700	735,800
Outlay of Railway Companies—									
Payments for Capital Outlay	—1,122,725	582,295	—540,430	—2,564,900	3,396,300	831,400	—4,271,800	5,841,500	1,569,700
Net			—582,682			734,300			1,567,700
Raised and deposited by Railway Companies—									
Payments for Discharge of Debentures	...	1,531,900	1,531,900	...	453,000	453,000	...	4,071,900	4,071,900
Net			1,419,639			339,600			0
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	33,415,000		...	8,796,000		...	...	
India Bonds	...	500,000		...	...		...	...	
India 4 p. c. Stock	...	...		...	...		...	...	
Rupee Debt—									
5½ p. c. War Bonds 1925	...	...		11,600	...		...	...	
Do. Do. 1928	...	...		67,500	...		...	...	
5 p. c. War Loan, 1929-47	135,207	...		506,700	...		293,300	...	
5 p. c. Loan 1945-55	...	...		...	...		440,000	...	
4 p. c. Loans	83,780	...		80,000	...		80,000	...	
3½ p. c. Loans	77,258	...		1,000	...		1,600	...	
3 p. c. Loan	12,640	...		6,600	...		6,700	...	
Provincial debentures	—7	...		...	...		...	...	
Total	308,878	33,915,000	34,223,878	673,400	8,796,000	9,469,400	821,600	...	821,600
Net			14,590,686			0			0
Temporary Debt Discharged—									
5½ p. c. War Bonds, 1920	2,647	...		408,300	...		12,786,800	...	
Do. Do. 1922	22,733	...		392,700	...		...	...	
Do. Do. 1921	...	...		342,700	...		...	...	
Do. Do. 1923	...	...		154,700	...		...	...	
Treasury Bills	58,481,400	...		65,983,700	...		65,333,300	...	
Other Temporary Loans	14,004,813	...		12,3. 3.300	...		...	...	
Total	72,511,593	...	72,511,593	79,618,400	...	79,618,400	78,120,100	...	78,120,100
Net			0			1,488,900			24,786,800
Unfunded Debt—									
Post Office Cash Certificates	2,567,776	...		2,186,700	...		2,000,000	...	
Special Loans	4,167	...		500	...		200	...	
Deposits of Service Funds	100,724	...		100,200	...		101,800	...	
Savings Bank Deposits	8,860,329	...		11,472,800	...		11,988,700	...	
Total	11,532,996	...	11,532,996	13,760,200	...	13,760,200	14,090,700	...	14,090,700
Net			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	64,824	...		705,000	...		4,111,000	...	
Deposits of Local Funds—									
District Funds	6,035,841	...		6,807,300	...		6,469,100	...	
Other Funds	1,339,728	...		1,365,700	...		1,456,200	...	
Gold Standard Reserve	...	32,413,801		...	32,365,500		...	48,126,800	
Paper Currency Reserve	...	115,583,459		...	154,430,500		...	175,988,400	
Consols Depreciation Fund	...	755,548		...	48,400		...	165,400	
Depreciation Fund for Rupee Loans	109,609	...		457,200	...		700,000	...	
Special Reserve	...	9,737,634		...	5,117,300		...	...	
Deposit account with the United States of America	36,762,902	...		2,450,800	...		...	...	
Sales of Telegraphic Transfers against gold received in India	...	...		1,993,200			...	...	
Departmental and Judicial Deposits	41,448,412	...		55,953,900	...		48,318,000	...	
Advances	12,973,536	3,241,920		14,163,400	3,362,200		10,463,300	1,745,400	
Suspense Accounts	20,239,222	...		221,100	...		9,400	...	
Miscellaneous	25,515	595,772		26,700	912,500		26,700	1,201,800	
Total	118,999,589	162,328,134	281,327,723	84,144,800	196,236,400	280,380,700	71,553,700	227,227,300	298,781,000
Net			5,412,915			0			0
Carried over	310,424,310	222,621,517		300,097,500	239,729,500		273,986,900	270,367,100	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	348,595,819	178,808,146		329,020,900	206,610,300		298,636,200	234,389,000	
Loans and Advances by Imperial Government	905,968	...	905,968	222,200	...	222,200	206,900	...	206,900
Net			0			84,400			0
Loans and Advances by Provincial Governments	948,437	...	948,437	2,272,700	...	2,272,700	2,186,000	...	2,186,000
Net			0			0			608,900
Loans to Local Boards for Railway Construction	17,290	...	17,290	9,100	...	9,100	9,400	...	9,400
Net			17,290			9,100			9,400
Remittances—									
Inland Money Orders	53,336,350	...		56,933,300	...		60,000,000	...	
Other Local Remittances	...	...		11,729,000	...		5,821,300	...	
Other Departmental Accounts	403	...		1,500	...		4,800	...	
Net Receipts by Civil Treasuries from—									
Posts and Telegraphs	...	...		...	...		2,144,400	...	
Railways	20,682,792	...		20,396,360	...		22,395,900	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs	4,555,361	...		746,300	...		...	...	
Marine	4,598,725	...		1,811,600	...		986,300	...	
Military Works	4,422,593	...		3,849,500	...		2,361,200	...	
Military	105,387,446	...		98,411,100	...		46,674,900	...	
Remittance Account between England and India—									
Tranfers through Currency	...	...		...	10,150,000		...	...	
Purchase of Gold	...	...		29,171,700	...		5,750,000	...	
Purchase of Silver	39,429,894	...		13,553,300	...		...	...	
War Office transactions	66,340,010	92,252,827		3,514,000	63,712,000		300,000	35,300,000	
Railway transactions	921,482	23,249		6,015,300	10,000		8,351,300	507,000	
Other "	17,494,024	16,048,413		11,308,000	6,759,400		7,322,900	4,212,400	
Total	317,169,530	108,324,489	425,494,019	257,940,900	80,631,400	338,572,300	162,113,500	40,019,400	202,132,900
Net			8,963,834			572,100			271,809
Secretary of State's Bills drawn	...	(a) 6,599,945	6,599,945	...	31,226,200	31,226,200	...	8,375,000	8,375,000
Sterling Transfers on London drawn	5,315,000	...	5,315,000	24,544,000	...	24,544,000	...	...	...
Total Receipts	672,952,044	293,232,580		614,009,800	318,467,900		463,142,000	282,783,400	
Opening Balance	15,325,177	(b) 16,625,416		17,300,258	(c) 14,715,827		14,267,458	(d) 13,066,127	
GRAND TOTAL	688,277,221	309,857,996		631,310,058	333,183,727		477,409,458	295,849,527	

(a) In addition to £14,346,369 on account of the Paper Currency Reserve.
(c) Of this amount £6,015,672 represents the funds of the Gold Standard Reserve.

DELHI,
FINANCE DEPARTMENT,
March 22, 1920.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England—*continued.*

	Accounts, 1918-1919.			Revised Estimate, 1919-1920.			Budget Estimate, 1920-1921.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	310,424,310	222,621,517		300,097,500	239,729,500		273,086,900	270,367,100	
Loans and Advances by Imperial Government . .	941,438	...	941,438	137,800	...	137,800	622,000	...	622,000
Net .			35,470			0			415,100
Loans and Advances by Provincial Governments .	2,273,613	...	2,273,613	3,245,000	...	3,245,000	1,577,100	...	1,577,100
Net .			1,325,176			972,300			0
Loans to Local Boards for Railway Construction.	...	...	...	...	...	...	...	...	...
Net .			0			0			0
Remittances—									
Inland Money Orders .	53,314,509	...		56,666,700	...		60,000,000	...	
Other Local Remittances	165,282	...		11,666,700	...		5,821,800	...	
Other Departmental Accounts . . .	53,482	...		1,500	...		4,800	...	
Net Payments into Civil Treasuries by—									
Posts and Telegraphs .	...	...		...	...		2,144,400	...	
Railways . . .	20,677,506	...		20,789,700	...		22,395,900	...	
Net. Issues from Civil Treasuries to—									
Posts and Telegraphs .	4,560,902	...		746,300	...		...	...	
Marine . . .	4,909,542	...		1,811,600	...		986,300	...	
Military Works .	4,441,380	...		3,849,500	...		2,361,200	...	
Military . . .	107,874,574	...		98,411,100	...		46,674,900	...	
Remittance Account between England and India—									
Transfers through Currency . .	...	...		10,150,000	...		...	...	
Purchase of Gold .	...	...		...	29,171,700		...	5,750,000	
Purchase of Silver .	11	43,686,665		...	6,960,000		...	...	
War Office transactions	134,786,159	9,373,200		69,430,000	3,514,000		35,300,000	300,000	
Railway transactions.	939	943,742		...	6,025,300		...	8,858,800	
Other „ .	18,360,240	13,382,045		8,613,000	9,993,100		4,780,500	6,483,000	
Total .	349,144,533	67,385,652	416,530,185	282,336,100	55,664,100	338,000,200	180,469,300	21,391,800	201,861,100
Net .			0			0			0
Secretary of State's Bills paid . .	(a) 8,193,069	...	8,193,069	31,226,200	...	31,226,200	8,375,000	...	8,375,000
Sterling Transfers on London paid .	...	5,135,000	5,135,000	...	24,724,000	24,724,000	...	...	...
Total Disbursements .	670,976,963	295,142,169		617,042,600	320,117,600		465,030,300	291,758,900	
Closing Balance .	17,300,258	(c) 14,715,827		14,267,458	(d) 13,066,127		12,379,158	(d) 4,090,627	
GRAND TOTAL .	688,277,221	309,857,996		631,310,058	333,183,727		477,409,458	295,849,527	

(b) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.
(d) Of this amount £372 represents the funds of the Gold Standard Reserve.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1918-19.	Revised, 1919-20.	Budget, 1920-21.
Madras—	R	R	R
Balance on April 1st	2,01,06,437	2,10,28,000	1,95,10,000
Special grants from Imperial revenues	40,50,000	38,35,000	35,00,000
Other revenue	8,34,14,929	9,20,15,000	9,47,87,000
Total Revenue including transfers from Imperial revenues	8,74,64,929	9,58,50,000	9,82,87,000
Total Expenditure	8,65,44,808	9,73,68,000	11,33,19,000
Closing Balance	2,10,28,558	1,95,10,000	44,78,000
Bombay—			
Balance on April 1st	3,91,96,308	4,40,70,000	4,83,08,000
Special grants from Imperial revenues	32,18,840	33,68,000	27,31,000
Other revenue	9,71,61,360	11,02,02,000	11,46,64,000
Total Revenue including transfers from Imperial revenues	10,03,80,200	11,35,70,000	11,73,95,000
Total Expenditure	9,55,06,613	10,93,52,000	12,67,69,000
Closing Balance	4,40,69,895	4,83,08,000	3,89,34,000
Bengal—			
Balance on April 1st	3,67,64,673	3,72,00,000	4,07,07,000
Special grants from Imperial revenues	51,48,900	50,54,000	48,79,000
Other revenue	6,87,52,020	7,80,71,000	7,90,95,000
Total Revenue including transfers from Imperial revenues	7,39,00,920	8,31,25,000	8,39,74,000
Total Expenditure	7,34,65,048	7,96,18,000	9,03,39,000
Closing Balance	3,72,00,545	4,07,07,000	3,43,42,000
United Provinces—			
Balance on April 1st	2,45,23,646	2,52,56,000	2,11,89,000
Special grants from Imperial revenues	39,61,500	36,01,000	29,72,000
Other revenue	7,20,35,771	7,78,76,000	8,19,14,000
Total Revenue including transfers from Imperial revenues	7,59,97,271	8,14,77,000	8,48,86,000
Total Expenditure	7,52,65,084	8,55,44,000	9,84,41,000
Closing Balance	2,52,55,833	2,11,89,000	76,34,000
Punjab—			
Balance on April 1st	1,94,51,581	2,30,95,000	2,56,75,000
Special grants from Imperial revenues	23,99,400	22,14,000	17,56,000
Other revenue	5,49,76,700	6,30,28,000	6,46,79,000
Total Revenue including transfers from Imperial revenues	5,73,76,100	6,52,42,000	6,64,35,000
Total Expenditure	5,37,32,536	6,26,62,000	7,34,51,000
Closing Balance	2,30,95,145	2,56,75,000	1,86,56,000
Burma—			
Balance on April 1st	95,11,552	1,31,99,000	99,41,000
Special grants from Imperial revenues	18,93,800	17,94,000	14,44,000
Other revenue	6,29,61,827	6,01,13,000	8,23,14,000
Total Revenue including transfers from Imperial revenues	6,48,55,627	6,19,07,000	8,37,58,000
Total Expenditure	6,11,68,682	6,51,65,000	8,47,97,000
Closing Balance	1,31,98,497	99,41,000	89,02,000
Bihar and Orissa—			
Balance on April 1st	1,41,05,734	1,52,92,000	1,37,34,000
Special grants from Imperial revenues	25,54,585	25,70,000	22,61,000
Other revenue	3,25,71,767	3,35,77,000	3,46,84,000
Total Revenue including transfers from Imperial revenues	3,51,26,652	3,61,47,000	3,69,45,000
Total Expenditure	3,39,40,722	3,77,05,000	4,23,02,000
Closing Balance	1,52,91,664	1,37,34,000	83,77,000
Central Provinces—			
Balance on April 1st	1,36,77,576	1,27,05,000	1,25,31,000
Special grants from Imperial revenues	14,72,000	13,42,000	12,89,000
Other revenue	2,97,83,008	3,54,37,000	3,72,53,000
Total Revenue including transfers from Imperial revenues	3,12,55,008	3,67,79,000	3,84,92,000
Total Expenditure	3,22,27,362	3,69,53,000	4,12,66,000
Closing Balance	1,27,05,222	1,25,31,000	97,57,000
Assam—			
Balance on April 1st	27,31,584	44,13,000	54,43,000
Special grants from Imperial revenues	6,77,500	6,78,000	6,58,000
Other revenue	1,77,66,123	1,80,19,000	1,76,66,000
Total Revenue including transfers from Imperial revenues	1,84,43,623	1,86,97,000	1,83,24,000
Total Expenditure	1,67,62,557	1,76,62,000	1,94,74,000
Closing Balance	44,12,600	54,48,000	42,98,000
Total—			
Balance on April 1st	18,00,71,061	19,62,58,000	19,70,43,000
Special grants from Imperial revenues	2,53,76,825	2,44,56,000	2,14,40,000
Other revenue	51,94,23,505	56,83,38,000	60,70,56,000
Total Revenue including transfers from Imperial revenues	54,48,00,330	59,27,94,000	62,84,96,000
Total Expenditure	52,86,13,362	59,20,09,000	69,01,61,000
Closing Balance	19,62,58,009	19,70,43,000	13,53,78,000
Total (in sterling)—	£	£	£
Balance on April 1st	12,004,736	13,083,900	13,136,200
Special grants from Imperial revenues	1,691,788	1,630,400	1,429,300
Other revenue	34,628,234	37,889,200	40,470,400
Total Revenue including transfers from Imperial revenues	36,320,022	39,519,600	41,899,700
Total Expenditure	35,240,891	39,467,300	46,010,700
Closing Balance	13,083,867	13,136,200	9,025,200

M. F. GAUNTLETT, *Comptroller and Auditor General.*

W. ALDER, *Offg. Controller of Currency.*

E. M. COOK, *Offg. Secy. to the Govt. of India.*

DELHI,
FINANCE DEPARTMENT,
March 23, 1920.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		ACCOUNTS, 1918-1919.					REVISED ESTIMATE, 1919-1920.		BUDGET ESTIMATE, 1920-1921.	
		Revenue.	Expenditure. Refunds and Assignments.	Expenditure. Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
Revenue Heads.		£	£	£	£	£	£	£	£	£
Principal Heads of Revenue	Land Revenue (excluding that due to Irrigation)	21,089,944	795,092	4,104,333	16,192,519		17,029,500		17,828,500	
	Opium	3,289,111	3,602	1,307,585	1,977,624		2,088,000		1,775,200	
	Salt	4,277,989	646,890	553,100	3,077,999		2,836,300		3,431,900	
	Stamps	6,018,976	63,459	219,921	5,735,596		6,889,300		7,244,600	
	Excise	11,557,518	135,994	538,528	10,882,996		11,965,200		12,745,500	
	Provincial Rates	28,012	192	...	27,820		36,000		37,300	
	Customs	12,120,641	540,810	303,172	11,276,659		13,986,400		16,189,600	
	Income Tax	7,758,462	84,197	55,681	7,618,584		15,378,000		10,971,700	
	Forest	3,121,255	11,291	1,926,911	1,183,053		1,506,400		1,297,100	
	Registration	572,652	986	290,105	281,561		400,700		408,700	
	Tributes	594,354	207,023	...	387,331		418,600		409,200	
	TOTAL	70,428,914	2,487,586	9,299,586	58,641,792		72,384,400		73,289,500	
	Total deduction from Revenue		11,787,122							
Expenditure Heads.										
Debt Services	Interest	3,839,422	8,127,090			4,297,668		4,554,100		4,176,900
Commercial Services	Posts and Telegraphs	5,342,967	3,974,954		1,368,013		1,271,500		110,700	
	Railways	24,962,239	14,394,142		10,568,097		7,017,100		6,490,600	
	Irrigation	5,346,507	3,946,829		1,399,678		1,612,400		1,554,800	
Other Public Works	Civil Works, etc.	347,649	5,651,871			5,304,222		6,545,500		8,732,800
Mint	Mint	1,826,814	305,810		1,521,004		1,313,500		421,300	
Civil Departments	Civil Departments	2,094,802	23,688,218			21,593,416		23,687,600		26,215,500
Miscellaneous Civil Services	Superannuation	217,147	3,525,200			3,308,053		3,484,400		3,764,800
	Exchange	4,834,412	...		4,834,412				4,000,000	
	Miscellaneous	1,556,541	1,331,707		224,834		744,409			282,900
	Other heads	120,358	1,435,869			1,315,511		1,895,400		3,290,300
Famine Relief and Insurance	Famine Relief	...	307,767			307,767		885,800		19,500
	Other heads	...	692,233			692,233		362,300		980,500
Military Services	Army—Effective	1,726,026	39,242,305			37,516,279		49,375,000		31,325,200
	Army—Non-effective	116,416	3,564,988			3,448,573	664,000			4,988,700
	Marine	405,772	1,127,646			721,874		996,700		826,100
	Military works	101,758	2,895,271			2,793,513		3,242,300		2,906,000
	TOTAL	123,257,744	125,999,022			2,741,278		10,021,800		1,596,200
Provincial Adjustment	Surplus	...	1,079,131			1,079,131		52,300		
	Deficit	...	...						4,111,000	
	TOTAL	123,257,744	127,078,153			3,820,409		10,074,100	2,514,800	
Capital Account	Surplus								2,514,800	
	Deficit					3,820,409		10,074,100		
	Railway, Irrigation and other Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways						—78,600			
	Capital contributed by Indian States towards construction of State Railways									
	Capital raised and deposited by Railway Companies (net)					1,419,639		339,600	110,300	
	Outlay on Irrigation Works					236,723		235,900		575,400
	Outlay on State Railways					4,857,499		9,100,100		13,276,700
	Initial outlay on new Capital at Delhi					285,798		338,800		735,800
	Outlay of Railway Companies (net)					—582,683		734,300		1,507,700
Debt, Deposits, Advances and Remittances	Permanent Debt (net)					14,590,686	4,763,700		9,178,400	
	Temporary Debt (net)				19,572,725			1,488,900		24,786,800
	Unfunded Debt (net)				4,326,394		983,400		2,125,500	
	Loans and Advances by Imperial Government (net)					35,470	84,400			415,100
	Loans and Advances by Provincial Governments (net)					1,325,176		972,300	608,900	
	Loans to Local Boards for Railway Construction (net)				17,290		9,100		9,400	
	Deposits and Advances (net)					5,413,915	12,487,400		15,614,600	
	Remittances (net)				8,963,834		572,100		271,800	
	Secretary of State's Bills drawn				6,599,945		31,226,200		8,375,000	
	Secretary of State's Bills paid					8,198,069		31,226,200		8,375,000
	Sterling Transfers on London drawn				5,315,000		24,544,000			
	Sterling Transfers on London paid					5,135,000		24,724,000		
					44,795,188	44,729,696	74,546,700	79,229,200	38,808,700	49,672,500
Cash Balance	Opening Balance				31,950,593		32,016,085		27,333,585	
	Closing Balance					32,016,085		27,333,585		16,469,785
	TOTAL				76,745,781	76,745,781	106,562,785	106,562,785	66,142,285	66,142,285

M. F. GAUNTLETT,
Comptroller and Auditor General.

W. ALDER,
Offg. Controller of Currency.

E. M. COOK,
Offg. Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 22, 1920.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

Introductory.

In this memorandum the variations between the Budget and the Revised estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1920-21 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded. More detailed information regarding the figures will be found in the Financial Statements presented by the local Governments to their respective Councils.

2. The figures for the province of Delhi have been entered separately and explained under each major head of account. A *pro formâ* account of expenditure on Delhi and the Delhi province is also appended to this memorandum (Appendix I), together with a prefatory note explaining the scope of the *pro formâ* account and the relation between it and the regular accounts.

3. A statement is added to the memorandum (Appendix II) bringing together for each province and for the Home treasury of the Goverment of India the actual revenue and expenditure under each major head during the last year, the Revised estimates of the current year and the Budget estimates of the next year. The statement takes the place of a return which was formerly presented separately to Parliament and amplifies the totals of revenue and expenditure exhibited in the Budget Statements proper (Statements A to E), besides serving as a summary of the figures shown for each province under the several heads in this memorandum.

General results.

4. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year, are as follows :—

	Accounts, 1918-19.
	£
Revenue	123,257,744
Expenditure charged to Revenue	127,078,153
Imperial deficit	3,820,409

	Revised, 1919-20.
	£
Revenue	135,570,000
Expenditure charged to Revenue	145,644,100
Imperial deficit	10,074,100

	Budget, 1920-21.
	£
Revenue	134,825,900
Expenditure charged to Revenue	132,311,100
Imperial surplus	2,514,800

These figures exclude all capital, debt and remittance transactions.

Accounts, 1918-19.

5. The Accounts of 1918-19 are not discussed in this memorandum, but a brief explanation is as usual given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor General.

6. The broad results are brought out in the following table :—

	Revised, 1918-19.			Actuals, 1918-19.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
	£	£	£	£	£	£
Revenue . . .	85,297,700	35,888,500	121,186,200	86,937,700	36,320,000	123,257,700
Expenditure . .	89,865,900	34,909,000	124,774,900	90,758,100	35,240,900	125,999,000
Surplus (+) or Deficit (—) . . .	—4,568,200	+979,500	—3,588,700	—3,820,400	+1,079,100	—2,741,300

7. The Imperial revenue exceeded the Revised estimate by £1,640,000 and the Imperial expenditure by £892,200, with the result that the deficit was £747,800 less than was anticipated.

There were increases of £636,400 under military receipts, due to larger proceeds from the sale of clothing, ordnance and other stores; £434,400 under exchange, mainly in the gain in respect of recoverable war expenditure incurred in India on behalf of His Majesty's Government; £383,000 under miscellaneous receipts owing to the lapse to Government of the undrawn balance of the subsidy due to the late Amir of Afghanistan; £318,400 in the collections of super-tax and income-tax revenue, mainly in Bombay and Bengal; and £308,100 in land revenue collections and the profit on the circulation of subsidiary coinage.

On the other hand, customs revenue declined by £282,600, while the net receipts of railways were less by £389,100 as the result of a reduction in gross traffic receipts (£215,300), chiefly on the North Western and East Indian lines, and a rise in working expenses (£173,800) on the latter and the Bengal-Nagpur railway. The excess in Imperial expenditure occurred (*a*) under the military head (£1,190,600), due to larger expenditure on port defences and coastal patrol service, increased railway charges and a rise in the expenditure under the control of the Munitions Board, and (*b*) interest charges (£260,200) owing to larger discount on treasury bills, and was partly set off by (*c*) a saving of £762,100 in special political payments on the frontier arising from the war.

In the Provincial section, there was an improvement of £99,600 only as the result of better collections of forest, income-tax and land revenue, partly set off by increased expenditure on forests and civil works.

Authors of Memorandum.

8. Paragraphs 212 to 224 of the memorandum have been communicated by the Hon'ble Mr. E. Burdon, I.C.S., Financial Adviser, Military Finance, and paragraphs 169 to 180 and 235 to 240 by Mr. H. M. C. Trotter, Accountant General, Railways; the rest of the memorandum has been drafted by Mr. A. V. Venkataramana Aiyar, C.I.E., Assistant Secretary in the Finance Department.

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	7,60,795	8,07,247	7,33,513	7,12,000	7,36,000	7,52,000
2. Delhi	3,48,021	3,35,608	3,00,367	2,99,000	2,66,000	3,00,000
3. Baluchistan	10,85,662	10,27,345	9,59,514	9,41,000	9,17,000	10,00,000
4. North-West Frontier	22,05,190	23,00,103	23,68,343	22,10,000	21,73,000	22,88,000
5. Other Provinces	40,19,895	34,52,082	26,31,652	22,75,000	21,86,000	13,15,000
Total	84,19,563	79,22,235	69,93,394	64,37,000	62,78,000	56,55,000
Divided and Provincial.						
1. Madras	7,00,16,684	7,03,23,132	6,91,18,676	7,17,56,000	7,13,00,000	7,13,03,000
2. Bombay	5,41,07,087	5,18,27,981	4,48,52,812	5,55,47,000	5,89,37,000	6,09,41,000
3. Bengal	2,79,27,219	2,75,15,426	2,83,70,431	2,80,41,000	2,81,60,000	2,81,32,000
4. United Provinces	6,66,08,251	6,71,55,442	5,93,35,788	6,77,72,000	6,81,39,000	7,10,47,000
5. Punjab	4,04,51,302	4,18,61,056	4,21,22,977	4,39,53,000	4,35,39,000	4,41,26,000
6. Burma	4,75,95,073	4,15,42,243	5,17,13,583	5,03,00,000	3,82,17,000	6,04,03,000
7. Bihar and Orissa	1,54,66,425	1,47,10,160	1,58,66,445	1,57,43,000	1,54,17,000	1,53,90,000
8. Central Provinces	1,98,54,287	1,96,61,766	1,75,96,773	2,14,51,000	2,19,11,000	2,23,41,000
9. Assam	75,79,713	81,22,671	88,95,439	86,81,000	89,74,000	90,88,000
Total	34,96,06,041	34,27,19,377	33,79,22,924	36,32,44,000	35,50,94,000	38,32,71,000
TOTAL REVENUE ₹	35,80,25,604	35,06,42,112	34,49,16,318	36,96,81,000	36,13,72,000	38,89,26,000
Shown under I.—Land Revenue ₹	33,06,18,976	32,41,06,686	31,63,49,164	34,02,97,000	33,13,61,000	35,69,68,000
Shown under XXIX.—Irrigation. ₹	2,74,06,628	2,65,33,426	2,85,67,154	2,93,84,000	3,00,11,000	3,19,58,000
Equivalent of total Revenue in Sterling £	23,868,373	23,376,141	22,994,421	24,645,400	24,091,500	25,928,300
Shown under I.—Land Revenue £	22,041,265	21,607,246	21,089,944	22,686,400	22,090,800	23,797,800
Shown under XXIX.—Irrigation £	1,827,108	1,768,895	1,904,477	1,959,000	2,000,700	2,130,500

EXPENDITURE.

Imperial.						
1. India General	4,10,603	4,40,276	4,39,370	4,54,000	4,82,000	4,90,000
2. Delhi	1,03,806	87,993	1,07,151	88,000	1,21,000	1,25,000
3. Baluchistan	2,20,136	2,22,053	2,32,132	2,49,000	2,49,000	2,74,000
4. North-West Frontier	6,57,547	6,66,878	6,91,580	7,23,000	8,09,000	7,36,000
5. Other Provinces	26,60,612	26,49,340	27,18,470	27,47,000	26,47,000	27,56,000
Total	40,52,704	40,66,540	41,88,753	42,71,000	43,08,000	43,81,000
Provincial.						
1. Madras	1,22,76,233	1,24,81,018	1,29,89,162	1,34,24,000	1,36,23,000	2,01,57,000
2. Bombay	82,57,931	84,34,940	1,01,95,691	1,03,56,000	1,03,13,000	1,44,52,000
3. Bengal	34,92,481	34,94,026	38,21,266	38,14,000	38,50,000	50,95,000
4. United Provinces	95,69,444	96,19,515	1,02,20,896	96,38,000	1,00,20,000	96,89,000
5. Punjab	47,29,433	46,58,607	49,40,762	54,75,000	57,86,000	60,26,000
6. Burma	68,54,578	60,19,036	70,42,727	70,26,000	66,32,000	88,38,000
7. Bihar and Orissa	22,98,084	23,72,937	23,57,315	24,41,000	26,20,000	26,44,000
8. Central Provinces	39,98,035	39,61,980	42,48,005	41,52,000	45,67,000	46,23,000
9. Assam	16,43,845	15,98,202	15,39,315	16,13,000	17,67,000	17,10,000
Total	5,31,20,064	5,26,35,311	5,73,55,639	5,79,89,000	5,96,78,000	7,32,84,000
TOTAL INDIA ₹	5,71,72,768	5,67,01,851	6,15,44,392	6,22,60,000	6,39,86,000	7,76,65,000
Equivalent in Sterling £	3,811,518	3,780,124	4,102,960	4,150,700	4,265,700	5,177,600
England £	1,615	2,152	1,373	1,600	3,600	1,600
TOTAL EXPENDITURE £	3,813,133	3,782,276	4,104,333	4,152,300	4,269,300	5,179,200

9. The Imperial expenditure shown against "Other Provinces" in the table on the preceding page represents the cost of survey and record-of-right operations on a large scale in Bengal and in Bihar and Orissa, undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against "Other Provinces".

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1919-20. 10. The decrease of ₹1·59 lakhs in the Revised estimate for 1919-20 as compared with the Budget occurs mainly in the recoveries of survey and settlement charges in Bengal owing to the realisation in 1918-19 of recoveries expected in the current year. The Budget estimate for 1920-21 is less than *Budget, 1920-21.* the Revised for the current year by ₹6·23 lakhs. A decrease of ₹8·71 lakhs is expected in the recoveries of survey and settlement charges in Bengal and in Bihar and Orissa in consequence of a reduction in the programme of operations; there will, on the other hand, be an increase of ₹2·48 lakhs under land revenue owing to the collection of part of the last and current year's suspensions in Baluchistan and the North-West Frontier Province.

(*b*) *Divided and wholly Provincial.*

Revised, 1919-20. 11. The total revenue in 1919-20 will fall short of the Budget estimate by ₹81·50 lakhs. The agricultural prospects of the current year are satisfactory, and the collections of revenue are not expected to show any material variation from Budget anticipations except in Bombay and Burma. Owing to favourable crop prospects, the local authorities estimate that the recoveries of suspensions in the former province will exceed the Budget by ₹33·90 lakhs, while there will be a decline of ₹120·83 lakhs in Burma in consequence of the postponement of the commencement of collections with reference to the condition of the paddy market. Minor decreases are also anticipated in Bihar and Orissa where revenue expected in the current year was realised in March 1919, in Madras on account of increased suspensions, and in the Punjab as the result of remissions granted for war services; the decline in the last two provinces will be set off in part by larger receipts from the sale of lands.

Budget, 1920-21. 12. The total Budget estimate for 1920-21 is more than the Revised estimate for 1919-20 by ₹2,81·77 lakhs. The estimates have been framed on the basis of normal monsoon conditions in the ensuing year. It is expected that the revenue postponed in the current year in Burma will be realised in full in 1920-21 and that further progress will be made in all the other provinces in the collection of the suspensions granted in the last and current years. Provision has also been made for an increase in the demand in the United Provinces and the Punjab owing to the revision of settlements, but there will be a substantial decrease in the sale-proceeds of Government estates in the latter province owing to the fact that the bulk of the instalments in respect of previous years' sales will have been realised before the end of the current year.

EXPENDITURE.

(*a*) *Wholly Imperial* (*India and England*).

Revised, 1919-20. 13. The Revised estimate for 1919-20 does not differ materially from the Budget, an increased expenditure of ₹1·87 lakhs on account of war and grain compensation allowances being set off by a saving of ₹1 lakh in the grant *Budget, 1920-21.* for survey and settlement charges. The Budget estimate for 1920-21 is more than the Revised for the current year by ₹70,000. The grant for survey and

settlement expenditure is larger by R1·09 lakhs owing to the inception of a new settlement in Bengal, but there is a reduction in the provision for war allowances in the North West Frontier Province.

(*b*) *Provincial.*

Revised, 1919-20.

14. The total expenditure in the current year will exceed the Budget estimate by R16·89 lakhs. All provinces contribute to the increase except Burma where there is a saving, following on the postponement of land revenue collections to the next year. Among general causes of the excess are (*i*) larger payment of grain compensation and war allowances (R14·97 lakhs) and (*ii*) revision of pay of Indian Civil Service officers and funding of annuity deductions recently sanctioned; the rise in Assam is due mainly to a special payment for compromising a civil suit (R1·25 lakhs). The increase resulting from these causes has been met in part from savings due to a recovery in Madras in respect of land record staff employed on the renewal of survey marks (R1·56 lakhs), and the partial utilisation of lump allotments in the Punjab for the reorganisation of district office establishments, for the formation of the new Sheikhupura district and for preventive measures to arrest the denudation of the Siwaliks.

Budget, 1920-21.

15. The total Budget for 1920-21 exceeds the Revised for the current year by R1,36·06 lakhs, the largest increases occurring in Madras (R65·34 lakhs), Bombay (R36·39 lakhs), and Burma (R22·56 lakhs). Provision has been based on existing sanctions and commitments, and full allowance has generally been made for the revised rates of pay sanctioned for the Indian Civil Service. An expenditure of R27·74 lakhs is anticipated on grain compensation and war allowances, but in some provinces provision for this expenditure is shown under Miscellaneous or takes the form of a general revision of pay. Part of the increase in Burma relates to commission on land revenue collections postponed from the current year. Special allotments have been made—

(*a*) in Madras for the revision of pay of the Provincial Civil Service (R61,000) and subordinate services (R54·30 lakhs) and for the promotion of the welfare of depressed classes (R5 lakhs);

(*b*) in Bombay for the revision of pay of Deputy Collectors (R1·03 lakhs), Mamlatdars and Mukhtiarkars (R1·02 lakhs) and subordinate establishments (R20 lakhs), for the Bombay development department (R5 lakhs), and for extra establishments and other expenditure for the preparation of electoral rolls in connection with the Reforms (R7·50 lakhs);

(*c*) in Bengal for the scheme for the appointment of Sub-Deputy Collectors as Circle Officers (R2·50 lakhs), the development of Kalimpong (R2·50 lakhs), and the revision of pay of the Provincial Civil Service;

(*d*) in the Punjab for the construction of new patwarkhanas (R2 lakhs), preventive measures to arrest the denudation of the Siwaliks (R2·05 lakhs), cost of survey marks for the Sind-Sagar survey (R1 lakh), and the revision of pay of the Provincial Civil Service;

(*e*) in Burma for the revision of pay of establishments (R1 lakh); and

(*f*) in Bihar and Orissa and the Central Provinces for the revision of pay of the Provincial Civil Service.

II AND 4—OPIUM.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
INDIA.						
Revenue—						
Sale of provision and medical Opium .	4,15,78,728	4,02,73,194	4,25,23,327	3,89,50,000	3,84,35,000	3,75,36,000
Excise Opium and other Revenue .	58,21,345	59,10,344	68,13,343	68,93,000	64,27,000	65,94,000
TOTAL R	4,74,00,073	4,61,83,538	4,93,36,670	4,58,43,000	4,48,62,000	4,41,30,000
Equivalent in Sterling £	3,160,005	3,078,903	3,289,111	3,056,200	2,990,800	2,942,000
Expenditure—						
Purchase of Opium (including payments to Cultivators) .	1,21,60,402	1,49,80,342	1,77,16,583	1,36,17,000	1,14,35,000	1,52,12,000
Other Charges . .	15,13,254	16,30,472	18,92,750	20,65,000	20,30,000	21,96,000
TOTAL INDIA R	1,36,73,656	1,66,10,814	1,96,09,333	1,56,82,000	1,34,65,000	1,74,08,000
Equivalent in Sterling £	911,577	1,107,387	1,307,289	1,045,500	897,700	1,160,500
ENGLAND.						
Miscellaneous Charges £	817	1,395	596	600	1,400	2,700
TOTAL £	912,394	1,108,782	1,307,885	1,046,100	899,100	1,163,200

REVENUE.

(i) *Provision and Medical opium.*

Revised, 1919-20.

16. The Budget estimate for 1919-20 provided for a revenue of R3,89·50 lakhs from the sale of about 13,960 chests of opium for consumption outside India. Of this quantity 3,600 chests were to be disposed of at the monthly auctions held at Calcutta, and the balance was to be supplied to the Foreign Governments with which agreements have been entered into for the direct supply of opium at fixed prices (the countries which at present take the largest supplies in this manner being the Straits Settlements, the Netherlands Indies and Siam), or sold in England for medicinal purposes. The upset price for auction sales which stood at R3,200 per chest when the Budget was framed was raised to R4,000 from 1st April 1919 and to R4,500 from 1st October 1919; the average price realised during the year will amount to R4,953 a chest, and the proceeds from auction sales are estimated at R1,78·31 lakhs, or R45·11 lakhs more than the Budget. On the other hand, the demand for medical opium has declined, while the receipts in respect of direct supplies will also fall short of the Budget estimate owing to the realisation in March 1919 of revenue which was expected to be received in the current year. Taking provision and medical opium together, it is now estimated that about 12,800 chests will be disposed of in the current year and that they will fetch a revenue of R3,84·35 lakhs.

Budget, 1920-21.

17. No demand for medical opium is anticipated in 1920-21 and the Budget estimate provides for a revenue of R3,75·36 lakhs from the sale of provision opium.

(ii) *Excise Opium and other revenue.*

Revised, 1919-20.

18. The Revised estimate for 1919-20 is less than the Budget by R4·66 lakhs owing to a fall in consumption in the Central Provinces, the Punjab and the United Provinces, partly as the result of an enhancement of the issue price of excise opium. The Budget estimate provides for a small increase in consumption and exceeds the Revised estimate for the current year by R1·67 lakhs. Only the amount charged to local Governments on account of the cost

Budget, 1920-21.

of production of opium consumed in India is credited under this head, the difference between the actual price of issue and the cost of production forming an item of excise revenue.

EXPENDITURE.

19. The Revised estimate for 1919-20 falls short of the Budget provision by R22·05 lakhs owing to the outturn of the 1919 poppy crop in the United Provinces and the area settled for cultivation during the 1919-20 season having fallen short of expectations. The saving would have been higher but for some special expenditure in connection with purchases of mature Malwa opium effected early in the current year. The Budget estimate for 1920-21 provides for increases of R2 per seer in the price for opium payable to cultivators in the United Provinces and R4 per seer in the price payable to the Central India States, and for normal expenditure in other respects.

Revised, 1919-20.

Budget, 1920-21.

III AND 5.—SALT.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
REVENUE.						
Northern India (*a*)	2,54,11,204	3,51,00,571	1,27,33,432	57,01,000	80,92,000	1,33,01,000
Madras (*a*)	1,28,66,839	1,61,98,441	1,77,72,399	1,70,64,000	1,51,91,000	1,54,31,000
Bombay (*a*)	1,80,09,168	1,73,25,271	1,91,25,389	1,83,47,000	1,65,00,000	1,86,92,000
Bengal (*b*)	1,34,04,794	1,09,13,107	1,11,77,530	1,41,00,000	1,33,00,000	1,62,00,000
Burma (*b*)	27,01,350	29,53,959	33,58,470	35,00,000	32,25,000	37,00,000
Bihar and Orissa	266	120	1,278	1,000	1,000	1,000
Assam	770	837	832	1,000	1,000	1,000
TOTAL ₹	7,28,93,891	8,24,92,306	6,41,69,330	5,87,14,000	5,63,10,000	6,73,26,000
Equivalent in Sterling £	4,826,260	5,499,487	4,277,989	3,914,300	3,754,000	4,488,400
CHARGES.						
Establishment charges	43,55,554	43,23,761	59,77,535	64,51,000	63,26,000	94,43,000
Cost of salt purchased by Government	15,91,345	15,82,318	22,86,119	26,04,000	20,86,000	20,67,000
Total India ₹	59,46,899	64,06,079	82,63,654	90,55,000	84,12,000	1,15,10,000
Equivalent in Sterling £	396,460	427,072	550,910	603,700	560,800	767,400
England £	1,726	385	2,190	1,000	2,800	1,600
TOTAL £	398,186	427,457	553,100	604,700	563,600	769,000
Total Consumption Mds.	5,10,33,000	4,48,03,000	5,20,93,000	5,48,80,000	4,94,30,000	5,28,37,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

REVENUE.

Revised, 1919-20. 20. The Revised estimate for the current year falls short of the Budget estimate by ₹24·04 lakhs. Decreases in Madras (₹18·73 lakhs) due to a check in the demand from other provinces created during the war, in Bombay (₹18·47 lakhs) owing to restrictions placed on the removal of Baragora salt in the latter part of the year, and in Bengal (₹8 lakhs) following on a decline in the imports of foreign salt will be partly counterbalanced by an increase in Northern India (₹23·91 lakhs) in consequence of larger preferential issues in the earlier months to local bodies, Indian States, etc. These issues and fresh receipts of duty were discontinued from the middle of the year with a view to clear off the advance payments of duty made by salt merchants in preceding years. Part of the increase in Northern India (₹6 lakhs) represents duty received erroneously after the issue of orders discontinuing receipts of duty, and provision for its refund is included under Refunds and Drawbacks.

Budget, 1920-21. 21. The total issues of salt in 1920-21, imported as well as locally manufactured, are taken at 5,28 lakhs of maunds. In estimating the net receipts of duty, allowance has been made for the uncleared balance of the advance payments made in Northern India in previous years; it is expected that these payments will be fully adjusted by issues of salt during the coming year. A special receipt of ₹17 lakhs which is, however, set off by an equivalent provision on the expenditure side is anticipated in Northern India in connection with the new arrangements for the supply of bags on payment by Government instead of by the traders themselves. Inclusive of sale-proceeds of Government salt and other miscellaneous receipts, the Budget estimate of revenue for 1920-21 has accordingly been placed at ₹6,73·26 lakhs.

Expenditure.

Revised, 1919-20.

22. The Revised estimate for 1919-20 is less than the Budget by R6·16 lakhs. Savings will accrue in the grants for certain works to be executed by the Bombay, Baroda and Central India Railway in connection with the scheme for the extension of the Pritchard salt works in Bombay (R5·40 lakhs); and in the grants for the purchase of salt (R1·75 lakhs) and a new scheme for the control of prices in Madras (R3·50 lakhs) which has been abandoned. These savings will be partly absorbed by increased expenditure on manufacture and excavation in Northern India.

Budget, 1920-21.

The Budget estimate for 1920-21 exceeds the Revised for the current year by R30·80 lakhs; part of the increase (R17 lakhs) relates to the new arrangements for the supply of bags by Government and is set off by an increase in revenue. Special allotments have been made for further expenditure on the scheme for the extension of the Pritchard salt works (R6·70 lakhs), the reorganisation of the non-gazetted staff of the combined salt and excise establishment (R2·50 lakhs) in Bombay, the building of a bund at Sambhar (R5 lakhs), and various other administrative improvements in the Northern India sources (R4·11 lakhs). On the other hand, the Budget estimate excludes provision for bagging and sewing charges in Bombay (about R4 lakhs) in consequence of the decision to adjust the expenditure and recoveries under a deposit head.

IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General . .	4,22,188	4,12,364	4,89,781	5,84,000	5,34,000	6,31,000
2. Delhi . . .	3,53,754	4,06,417	4,38,451	4,59,000	5,63,000	5,64,000
3. Baluchistan . .	86,815	90,488	1,08,837	96,000	1,34,000	1,34,000
4. North-West Frontier	7,05,227	7,29,270	7,71,258	7,74,000	8,80,000	9,00,000
TOTAL .	15,67,984	16,38,539	18,58,327	19,13,000	21,11,000	22,29,000
Divided.						
1. Madras . . .	1,55,89,277	1,54,23,197	1,64,40,169	1,65,00,000	1,86,00,000	1,96,00,000
2. Bombay . . .	97,64,993	1,01,52,670	1,17,52,860	1,22,00,000	1,57,00,000	1,65,00,000
3. Bengal . . .	2,41,51,970	2,32,11,830	2,49,65,250	2,55,00,000	3,00,00,000	3,10,00,000
4. United Provinces .	1,29,89,366	1,31,52,795	1,25,87,467	1,27,00,000	1,47,00,000	1,50,00,000
5. Punjab . . .	59,82,286	60,00,300	61,38,029	60,50,000	78,80,000	80,80,000
6. Burma . . .	36,64,993	31,82,389	34,78,424	35,00,000	42,00,000	43,00,000
7. Bihar and Orissa .	73,22,624	74,79,901	74,17,444	73,50,000	88,50,000	87,86,000
8. Central Provinces .	41,82,422	42,54,212	42,07,870	43,20,000	51,50,000	55,00,000
9. Assam . . .	14,34,532	14,16,997	14,38,793	14,23,000	16,56,000	16,67,000
TOTAL .	8,50,82,453	8,42,74,291	8,84,26,306	8,95,43,000	10,62,36,000	11,03,83,000
TOTAL REVENUE ₹	8,66,50,437	8,59,12,830	9,02,84,633	9,14,56,000	10,83,47,000	11,26,12,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper . . .	5,89,86,754	5,84,00,069	5,97,81,989	5,96,18,000	6,72,84,000	6,95,26,000
Commercial and other stamps . . .	2,72,54,189	2,72,08,770	3,01,85,371	3,04,89,000	3,93,19,000	4,14,80,000
Other Revenue . .	4,09,494	3,03,991	3,17,273	13,49,000	17,44,000	16,06,000
Equivalent of total revenue in Sterling £	5,776,696	5,727,522	6,018,976	6,097,100	7,223,100	7,507,500

EXPENDITURE.

Imperial.						
1. India General :—						
(*i*) Superintendence and other charges .	2,67,970	3,34,059	3,82,846	3,99,000	4,02,000	3,53,000
(*ii*) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments.	—15,82,435	—18,02,065	—18,81,297	—18,69,000	—20,31,000	—20,55,000
2. Delhi . . .	6,804	7,682	8,303	7,000	8,000	8,000
3. Baluchistan . .	1,376	1,494	1,573	1,000	2,000	1,000
4. North-West Frontier	28,260	26,422	28,949	30,000	32,000	33,000
TOTAL . .	—12,78,025	—14,32,408	—14,59,621	—14,32,000	—15,87,000	—16,60,000
Divided.						
1. Madras . . .	4,46,380	4,87,691	4,82,248	4,62,000	6,02,000	5,51,000
2. Bombay . . .	2,59,181	3,13,188	3,41,159	3,22,000	3,22,000	3,30,000
3. Bengal . . .	6,26,371	6,30,197	6,72,530	6,83,000	7,90,000	8,37,000
4. United Provinces .	2,58,580	2,78,032	2,71,924	2,74,000	3,30,000	3,29,000
5. Punjab . . .	1,76,799	1,86,036	1,95,821	1,98,000	2,16,000	2,24,000
6. Burma . . .	1,00,503	87,327	1,01,128	99,000	1,20,000	1,11,000
7. Bihar and Orissa .	1,91,031	2,10,148	2,24,171	2,32,000	2,56,000	2,61,000
8. Central Provinces .	1,18,406	1,20,154	1,22,920	1,28,000	1,50,000	1,53,000
9. Assam . . .	48,680	48,775	46,818	46,000	54,000	53,000
TOTAL .	22,25,931	23,56,548	24,59,719	24,44,000	28,40,000	28,49,000
TOTAL INDIA . ₹	9,47,906	9,24,140	10,00,098	10,12,000	12,53,000	11,89,000
Equivalent in Sterling £	63,194	61,609	66,673	67,500	83,500	79,300
England . £	110,272	114,713	153,248	98,700	175,000	110,000
TOTAL EXPENDITURE £	173,466	176,322	219,921	166,200	258,500	189,300

Revenue.

(a) *Wholly Imperial.*

23. The Revised estimate for the current year exceeds the Budget by ₹1·98 lakhs. The increase occurs in Delhi (₹1·04 lakhs) and the North-West Frontier Province (₹1·06 lakhs) as the result of increased litigation and general development of business. The Budget estimate for 1920-21 is ₹1·18 lakhs more than the current year's Revised estimate. *Revised, 1919-20.* *Budget, 1920-21.*

(b) *Divided.*

24. The total Revised for 1919-20 exceeds the Budget by no less than ₹1,66·93 lakhs. The increase is distributed over all the provinces, but is largest in Bengal (₹45 lakhs) and Bombay (₹35 lakhs). It is attributed to increased litigation, the flotation of new companies, activity in the share markets, and industrial and commercial expansion. The revenue from non-judicial stamps is expected to be more than the Budget by ₹88 lakhs, and that derived from court-fee stamps by ₹77 lakhs. *Revised, 1919-20.*

25. The Budget for 1920-21 provides for a moderate growth in revenue in all the provinces and is taken at ₹41·47 lakhs higher than the Revised estimate for 1919-20. *Budget, 1920-21.*

Expenditure.

26. The cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Posts and Telegraphs the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head. The credits on both these accounts are shown against item I (*ii*) under expenditure in the table on the preceding page.

(a) *Wholly Imperial (including outlay in England).*

27. The Revised estimate for 1919-20 exceeds the Budget by ₹9·89 lakhs, owing mainly to larger outlay in England on the manufacture of stamps. The decrease of ₹10·48 lakhs in the Budget for 1920-21 as compared with the Revised for the current year occurs almost entirely in the same item of expenditure. *Revised, 1919-20.* *Budget, 1920-21.*

(b) *Divided.*

28. The Revised estimate for the current year exceeds the Budget by ₹3·96 lakhs, owing to larger payments for discount on sales in all provinces. The Budget estimate for 1920-21 does not differ materially from the Revised for the current year. *Revised, 1919-20.* *Budget, 1920-21.*

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	18,77,477	23,86,929	30,10,018	34,10,000	29,53,000	30,61,000
2. Delhi	2,49,631	3,27,410	4,31,895	3,89,000	6,40,000	6,40,000
3. Baluchistan	3,68,194	4,70,468	5,88,831	5,91,000	7,50,000	7,64,000
4. North-West Frontier	3,58,716	4,32,051	5,78,525	7,93,000	8,90,000	10,95,000
Total	28,54,018	36,16,858	46,09,269	51,83,000	52,33,000	55,60,000
Divided and wholly Provincial.						
1. Madras	3,72,02,608	4,03,52,100	4,64,44,809	4,68,17,000	5,33,60,000	5,79,00,000
2. Bombay	2,60,50,666	3,19,81,880	3,78,27,375	3,95,00,000	3,98,00,000	4,30,00,000
3. Bengal	1,44,44,229	1,56,36,222	1,76,63,711	1,87,00,000	1,81,00,000	1,87,00,000
4. United Provinces	1,34,11,963	1,43,47,587	1,59,26,464	1,95,82,000	1,72,00,000	1,81,00,000
5. Punjab	75,86,836	85,62,967	1,05,17,547	1,10,57,000	1,28,60,000	1,45,00,000
6. Burma	88,31,324	92,39,195	96,97,001	1,01,00,000	1,03,86,000	1,10,50,000
7. Bihar and Orissa	1,12,26,696	1,18,22,679	1,23,92,529	1,27,00,000	1,28,60,000	1,35,00,000
8. Central Provinces	1,10,89,102	1,14,92,202	1,23,56,249	1,28,00,000	1,48,00,000	1,58,00,000
9. Assam	55,41,053	53,73,805	59,27,819	58,61,000	66,95,000	70,00,000
Total	13,53,84,477	14,88,08,637	16,87,53,504	17,71,17,000	18,60,51,000	19,95,50,000
Total India R	13,82,38,495	15,24,25,495	17,33,62,773	18,23,00,000	19,13,84,000	20,51,10,000
Equivalent in Sterling £	9,215,899	10,161,699	11,557,518	12,153,300	12,752,300	13,674,000
England £	...	7	...	...	...	...
TOTAL REVENUE £	9,215,899	10,161,706	11,557,518	12,153,300	12,752,300	13,674,000

EXPENDITURE.

Imperial.						
1. India General	1,00,849	1,02,888	1,04,513	1,07,000	1,11,000	1,16,000
2. Delhi	9,497	11,692	10,376	12,000	10,000	12,000
3. Baluchistan	12,923	11,810	19,973	15,000	14,000	15,000
4. North-West Frontier	15,548	16,298	16,938	18,000	22,000	25,000
Total	1,38,817	1,42,688	1,51,800	1,52,000	1,57,000	1,68,000
Divided and wholly Provincial.						
1. Madras	18,16,051	18,05,425	21,05,612	22,46,000	22,22,000	23,05,000
2. Bombay	11,23,723	11,13,522	12,99,273	14,52,000	15,50,000	34,08,000
3. Bengal	9,39,493	9,99,661	10,57,500	11,37,000	11,69,000	11,85,000
4. United Provinces	4,86,016	4,77,087	4,97,366	5,38,000	6,80,000	5,40,000
5. Punjab	2,31,891	2,35,130	2,34,450	2,96,000	2,69,000	3,02,000
6. Burma	12,54,379	12,56,312	13,05,586	12,95,000	13,45,000	14,20,000
7. Bihar and Orissa	5,81,814	5,86,520	6,40,824	7,46,000	9,22,000	7,82,000
8. Central Provinces	4,81,576	5,28,428	5,45,415	5,73,000	6,02,000	6,30,000
9. Assam	1,20,539	1,19,964	2,37,087	1,24,000	1,31,000	1,43,000
Total	70,35,482	71,22,049	79,23,113	84,07,000	88,31,000	1,07,15,000
Total India R	71,74,299	72,64,737	80,74,913	85,59,000	90,38,000	1,08,83,000
Equivalent in Sterling £	478,287	484,316	538,328	570,600	602,600	725,500
England £	345	232	200	100	900	500
TOTAL EXPENDITURE £	478,632	484,548	538,528	570,700	603,500	726,000

REVENUE.

(a) *Wholly Imperial.*

29. The Revised estimate for 1919-20 does not differ materially from the Budget, increases in Delhi (R2·51 lakhs), Baluchistan (R1·59 lakhs) and the North-West Frontier province (R97,000), due to the large number of troops located in these areas and to the enhanced license fees realised at auction sales, being set off by a decline in other minor administrations (R4·57 lakhs). The Budget estimate for 1920-21 provides for a further expansion of revenue and is taken at R3·27 lakhs more than the Revised for the current year.

Revised, 1919-20.

Budget, 1920-21.

(b) *Divided and wholly Provincial.*

30. The Revised estimate for the current year exceeds the Budget by R69·34 lakhs, about three-fourths of the increase occurring in Madras (R65·43 lakhs). Substantial excesses are also anticipated in the Central Provinces (R18 lakhs), the Punjab (R17·93 lakhs) and Assam (R8·34 lakhs). Among the causes which have contributed to the improvement are larger consumption as the result of high wages for the labouring population, speculative biddings at auction sales and to a minor degree enhancement of duties. On the other hand, the revenue will fall short of the Budget in the United Provinces (R23·82 lakhs), owing to restricted consumption following on unfavourable agricultural conditions and enhanced duties, as well as in Bengal (R6 lakhs). The total Budget for 1920-21 is taken at R1,34·99 lakhs more than the Revised for the current year. Provision has been made for a growth of revenue in all the provinces, the largest increases being in Bombay (R32 lakhs) and Madras (R31·40 lakhs).

Revised, 1918-19.

Budget, 1920-21.

EXPENDITURE.

(a) *Wholly Imperial.*

31. The figures show little variation.

(b) *Divided and wholly Provincial.*

32. The Revised estimate for the current year exceeds the Budget grant by R4·74 lakhs. The increase is due to the grant of compensation to distillers (*a*) for the dearness of raw materials in the United Provinces (R1·53 lakhs) and Bihar and Orissa (R1·50 lakhs), and (*b*) for losses incurred in previous years owing to the war and other causes in Bombay (R1 lakh). The Budget estimate for 1920-21 is more by R18·34 lakhs than the Revised for the current year. Special expenditure amounting to R16·38 lakhs is anticipated in Bombay (*a*) in connection with the purchase of spirit from certain distillery contractors for supply to licensed retail vendors, and (*b*) on account of compensation to spirit contractors for losses arising from the shortage of raw materials. Provision has also been made for the reorganisation of non-gazetted establishments in the same province (R2·50 lakhs) and in the Central Provinces (R40,000), and for the revision of pay of officers in Burma (R48,000). The decreases in the United Provinces and Bihar and Orissa are nominal, being due to the omission of the special payments included in the Revised estimate for the current year.

Revised, 1919-20.

Budget, 1920-21.

VI.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Imperial.						
1. India General	25	73	30	1,000	1,000	1,000
2. Delhi	431	484	527	...	...	...
3. North-West Frontier.	3,048	1,424	535	1,000	1,000	1,000
TOTAL	3,504	1,981	1,092	2,000	2,000	2,000
Provincial.						
1. Bengal	1,34,841	1,39,091	1,12,434	1,24,000	1,10,000	1,10,000
2. United Provinces	1,64,613	1,72,102	1,46,456	1,44,000	1,48,000	2,42,000
3. Punjab	32,314	20,953	30,700	32,000	33,000	32,000
4. Bihar and Orissa	1,25,009	77,789	95,355	1,81,000	2,04,000	1,30,000
5. Assam	10,573	17,577	34,143	36,000	44,000	44,000
TOTAL	4,67,355	4,27,512	4,19,088	5,17,000	5,39,000	5,58,000
TOTAL REVENUE R	4,70,859	4,29,493	4,20,180	5,19,000	5,41,000	5,60,000
Equivalent in Sterling £	31,391	28,633	28,012	34,600	36,100	37,400

33. The estimates do not show any material variations; an increase of R94,000 in the Budget estimate for 1920-21 as compared with the Revised for the current year, due to the enhancement of contributions levied from wards' estates for the cost of supervision in the United Provinces, is nearly set off by a decrease of R74,000 in Bihar and Orissa owing to the omission of arrear recoveries included in the Revised estimate for 1919-20.

VII AND 9.—CUSTOMS.

SEA CUSTOMS. IMPORTS.	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Special Import Duties.						
1. Arms, Ammunition and Military Stores	7,31,199	4,70,631	5,00,205	10,00,000	10,21,000	11,14,000
2. Coal, coke and patent fuel	22,283	14,340	35,493	46,000	21,000	34,000
3. Liquors—						
(a) Ale, Beer, Porter, Cider and other fermented Liquors	6,72,356	4,82,634	4,83,848	10,00,000	6,50,000	8,30,000
(b) Spirits and Liqueurs	1,12,85,840	1,01,15,259	1,01,14,952	1,35,00,000	1,23,00,000	1,35,00,000
(c) Wines	5,55,748	3,96,572	4,66,550	6,00,000	6,20,000	7,35,000
4. Opium	6,046	2,937	3,367	4,000	4,000	6,000
5. Petroleum	45,19,141	35,59,223	13,13,393	35,18,000	82,00,000	85,00,000
6. Silver, Bullion and Coin	15,01,194	17,08,848	1,139	...	3,000	...
7. Silver manufactures	3,92,204	2,40,851	2,03,248	3,00,000	1,81,000	2,00,000
8. Sugar	1,30,05,428	1,48,16,402	1,69,43,412	2,00,00,000	1,30,00,000	1,35,00,000
9. Tobacco	46,01,391	61,51,771	83,02,124	80,00,000	88,00,000	90,00,000
Duty at 2½ per cent.						
10. Machinery	10,65,988	9,15,185	11,61,717	25,00,000	19,00,000	30,00,000
11. Metals—Iron and Steel	18,47,847	16,63,995	26,00,012	40,00,000	44,81,000	52,10,000
12. Railway plant and rolling stock	3,65,794	1,39,878	4,60,210	10,00,000	13,20,000	13,52,000
13. Other articles	3,87,991	4,16,710	3,86,510	5,00,000	3,00,000	4,00,000
Duty at 7½ per cent.						
14. Articles of Food and Drink (excluding sugar and vinegar)	52,00,338	53,38,851	57,30,636	70,00,000	69,00,000	75,00,000
15. Raw materials and articles mainly unmanufactured	38,55,706	39,58,935	41,01,145	47,00,000	55,85,000	57,92,000
16. Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	40,70,085	35,83,983	48,80,774	55,00,000	56,00,000	62,65,000
(b) Metals other than Iron and Steel	11,62,994	18,37,271	23,29,577	40,00,000	60,00,000	70,00,000
(c) Cotton manufactures	1,79,16,726	3,83,39,219	3,78,73,533	3,70,00,000	4,10,00,000	4,50,00,000
(d) Yarn and textile fabrics (other than cotton manufactures)	61,63,330	52,89,008	58,29,964	62,00,000	78,00,000	83,00,000
(e) All other articles wholly or mainly manufactured	1,69,73,758	1,76,08,371	1,85,49,095	2,20,00,000	2,25,00,000	2,35,00,000
17. Miscellaneous	27,18,858	28,14,576	34,34,382	35,00,000	37,00,000	35,00,000
TOTAL IMPORTS	9,90,22,740	11,99,59,950	12,57,05,196	14,58,68,000	15,18,86,000	16,47,28,000
18. EXPORT DUTIES—						
(a) Hides and skins, raw	...	...	...	...	86,00,000	2,10,00,000
(b) Jute (raw and manufactured)	1,17,86,315	1,83,38,167	2,14,15,946	2,40,00,000	3,25,67,000	3,40,00,000
(c) Rice	86,71,041	1,05,26,999	1,11,13,234	65,00,000	34,57,000	75,49,000
(d) Tea	42,54,462	43,33,261	43,35,778	45,65,000	58,00,000	63,00,000
(e) Indigo	...	...	...	40,000	33,000	37,000
19. SEA CUSTOMS—MISCELLANEOUS	7,76,783	10,12,229	8,36,395	9,33,000	9,58,000	9,00,000
20. LAND CUSTOMS	5,58,377	9,33,157	6,94,711	6,80,000	6,90,000	6,50,000
21. EXCISE DUTY ON COTTON MANUFACTURES	44,61,443	76,20,779	1,38,17,033	1,30,00,000	1,45,50,000	1,50,30,000
22. EXCISE DUTY ON MOTOR SPIRIT	...	23,52,067	32,73,693	40,00,000	40,52,000	39,51,000
23. WAREHOUSE AND WHARF RENTS AND MISCELLANEOUS	3,56,562	3,72,190	5,67,628	6,50,000	12,00,000	10,00,000
GRAND TOTAL ₹	12,98,87,728	16,55,43,819	18,18,09,614	20,02,86,000	22,37,93,000	25,51,45,000
Equivalent in Sterling £	8,659,182	11,036,588	12,120,641	13,352,400	14,919,500	17,009,700
CHARGES ₹	40,62,448	42,75,828	45,45,787	47,11,000	46,18,000	58,00,000
Equivalent in Sterling £	270,830	285,022	303,052	314,000	307,500	386,700
England £	334	254	120	100	400	200
TOTAL £	271,164	285,276	303,172	314,100	307,900	386,900

REVENUE.

Revised, 1919-20.

34. The Revised estimate of Customs revenue in 1919-20 amounts to R22,37·93 lakhs or R2,35·07 lakhs more than the Budget estimate. A revenue of R86 lakhs is expected from the new duty of 15 per cent. *ad valorem*, subject to a rebate of two-thirds of the duty on exports to countries within the British Empire, which was imposed on exports of raw hides and skins with effect from the 11th September 1919. A greater demand for commodities exported from India, improved facilities for shipping, the removal of restrictions on trade imposed during the war, and increased production in countries from which India draws her imports owing to the release of the industrial population from war work account for the balance of the improvement as compared with the Budget estimate. The tariff heads other than hides and skins, which show important excesses, are the export duties on jute (R85·67 lakhs) and tea (R12·35 lakhs), the import duties on petroleum (R46·82 lakhs), metals other than iron and steel (R20 lakhs) and yarns and textile fabrics (R16 lakhs), and the import (R40 lakhs), and excise (R15·50 lakhs), duties on cotton manufactures. On the other hand, a substantial decline is anticipated under sugar (R70 lakhs) due to a world shortage of supplies, spirits (R12 lakhs), and the export duty on rice (R30·43 lakhs), owing to increased demands for Burma rice for consumption in India in consequence of the failure of crops over wide areas in the preceding year.

Budget, 1920-21.

35. The Budget estimate of Customs revenue in 1920-21 is taken at R25,51·45 lakhs, or R3,13·52 lakhs more than the Revised estimate for 1919-20. An increase of R1,24 lakhs is due to a full year's revenue being estimated for the next year from the new duty on hides and skins. It is expected that, with the return of peace conditions and the improved agricultural prospects in India, both the import and export trades will expand largely in the coming year, while the import trade will be further assisted by the rise in the exchange value of the rupee. The estimates provide accordingly for important increases under the export duties on rice (R40·92 lakhs) and jute (R14·33 lakhs), and the import duties on cotton manufactures (R40 lakhs), spirits (R12 lakhs), machinery (R11 lakhs), and metals other than iron and steel and manufactured articles (R10 lakhs each). No receipts are anticipated from the imports of silver bullion and coin as the duty on these has recently been removed.

EXPENDITURE.

Revised, 1919-20.

36. The expenditure in 1919-20 is expected to be less than the Budget by R93,000, owing mainly to a lapse in the grant for overtime and holiday allowances in Bengal. The Budget estimate for 1920-21 is more by R11·85 lakhs than the Revised for the current year. It includes allotments for the revision of pay of Imperial establishments and entertainment of additional staff in Bombay (R5·38 lakhs), the reorganisation of the preventive staff in Bengal (R1·21 lakhs) and Burma (R48,000), and the purchase of new motor launches for patrol service in the last named province (R1·59 lakhs).

Budget, 1920-21.

VIII AND 10.—INCOME TAX.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
EXCESS PROFITS DUTY. *Imperial.*						
1. India	...	...	...	1,00,000	1,00,000	...
2. N.-W. Frontier	...	...	...	...	97,000	...
3. Madras	...	...	...	25,00,000	40,50,000	...
4. Bombay	...	...	...	4,25,00,000	3,46,20,000	...
5. Bengal	...	...	...	6,25,00,000	5,75,00,000	25,00,000
6. United Provinces	...	...	...	25,00,000	36,10,000	1,50,000
7. Punjab	...	...	...	3,00,000	7,00,000	10,00,000
8. Burma	...	...	...	16,00,000	37,50,000	...
9. Bihar and Orissa	...	...	...	3,00,000	1,92,000	...
10. Central Provinces	...	...	...	2,00,000	26,69,000	33,000
11. Assam	...	...	...	...	27,000	...
Total	...	...	...	11,25,00,000	10,73,15,000	36,83,000
SUPER-TAX. *Imperial.*						
1. India	...	88,382	1,07,556	1,30,000	88,000	98,000
2. N.-W. Frontier	...	...	15,187	24,000	29,000	26,000
3. Madras	...	4,78,370	24,67,516	18,50,000	35,00,000	30,60,000
4. Bombay	...	70,99,663	1,34,38,398	58,75,000	82,00,000	1,48,33,000
5. Bengal	...	1,31,67,311	1,26,81,997	50,00,000	62,00,000	1,32,49,000
6. United Provinces	...	5,31,979	10,38,426	7,73,000	5,63,000	14,93,000
7. Punjab	...	1,67,200	2,73,141	2,50,000	3,09,000	7,33,000
8. Burma	...	1,77,097	13,32,002	8,00,000	12,00,000	35,33,000
9. Bihar and Orissa	...	2,26,327	4,42,376	3,77,000	8,28,000	8,93,000
10. Central Provinces	...	33,331	21,942	1,36,000	2,93,000	5,12,000
11. Assam	...	38,250	7,591	25,000	27,000	1,25,000
Total	...	2,21,59,460	3,18,31,632	1,47,40,000	2,12,32,000	4,36,65,000
ORDINARY INCOME-TAX. *Imperial.*						
1. India General (Civil)	19,31,136	20,78,248	22,05,214	16,48,000	20,01,000	21,09,000
2. Delhi (Civil)	4,31,995	5,90,190	7,91,719	6,94,000	9,16,000	9,14,000
3. Baluchistan (Civil)	35,214	34,234	35,919	34,000	33,000	33,000
4. North-West Frontier (Civil)	2,60,447	2,99,688	3,73,047	3,15,000	4,05,000	4,09,000
5. Other Provinces (Civil)	93,189	1,19,590	1,38,553	1,36,000	1,63,000	1,17,000
6. Non-Civil Departments	22,49,963	28,68,237	35,98,333	33,48,000	39,38,000	43,51,000
Total	50,01,944	59,90,187	71,42,840	61,70,000	74,56,000	79,33,000
Divided.						
1. Madras	60,09,144	76,60,699	80,50,034	77,90,000	1,11,00,000	1,12,00,000
2. Bombay	1,39,95,113	2,06,30,096	2,54,14,531	2,44,90,000	3,40,00,000	3,70,00,000
3. Bengal	1,63,55,428	2,07,92,469	2,24,02,645	1,77,50,000	3,10,00,000	4,00,00,000
4. United Provinces	42,44,881	46,36,328	61,21,440	49,85,000	56,56,000	60,69,000
5. Punjab	24,61,356	34,36,364	37,54,362	41,25,000	46,50,000	55,00,000
6. Burma	40,05,618	47,30,775	65,22,674	60,60,000	82,99,000	89,66,000
7. Bihar and Orissa	20,21,417	21,66,747	23,19,499	20,40,000	24,00,000	25,00,000
8. Central Provinces	13,20,815	15,39,273	18,62,118	13,16,000	25,90,000	24,00,000
9. Assam	6,78,282	8,29,157	9,05,165	8,57,000	9,58,000	9,41,000
Total	5,15,92,554	6,64,71,908	7,73,52,468	6,99,13,000	10,05,63,000	11,55,76,000
Total Ordinary Income-tax	5,65,94,498	7,24,62,095	8,44,95,308	7,60,83,000	10,80,19,000	12,35,09,000
TOTAL REVENUE R	5,65,94,498	9,46,21,555	11,63,76,940	20,33,23,000	23,65,66,000	17,08,57,000
Equivalent in Sterling £	3,772,967	6,308,104	7,758,462	13,554,900	15,771,000	11,390,400

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	1,303	1,290	2,342	1,000	48,000	40,000
2. Delhi	2,106	3,529	4,229	4,000	4,000	4,000
3. North-West Frontier	903	987	1,211	4,000	3,000	17,000
4. Other Provinces	...	7,522	10,085	11,000	59,000	33,000
Total	4,312	13,328	18,367	20,000	1,14,000	94,000
Divided.						
1. Madras	66,159	68,293	89,905	1,10,000	1,46,000	2,51,000
2. Bombay	1,79,298	2,12,554	2,84,182	4,31,000	4,31,000	5,50,000
3. Bengal	1,62,754	1,74,171	1,96,008	2,12,000	2,18,000	2,27,000
4. United Provinces	62	...	35,585	3,50,000	2,60,000	3,16,000
5. Punjab	26,587	32,731	58,318	1,08,000	1,10,000	1,35,000
6. Burma	49,125	57,664	62,811	80,000	1,16,000	1,32,000
7. Bihar and Orissa	45,459	45,473	46,921	49,000	51,000	62,000
8. Central Provinces	18,235	29,127	38,022	63,000	63,000	1,30,000
9. Assam	4,689	4,428	4,344	5,000	5,000	7,000
Total	5,52,368	6,24,441	8,16,036	14,08,000	14,00,000	19,10,000
TOTAL EXPENDITURE ₹	5,56,680	6,37,769	8,34,463	14,28,000	15,14,000	20,04,000
Equivalent in Sterling £	37,112	42,518	55,631	95,200	100,900	133,600

REVENUE.

(*i*) *Excess Profits Duty—Imperial.*

37. The gross yield of the Excess Profits Duty is estimated at ₹11,10 lakhs against the Budget estimate of ₹11,25 lakhs, decreases of ₹79 lakhs in Bombay and ₹25 lakhs in Bengal being nearly set off by improvements in other provinces. The net yield after deducting the estimated loss under super-tax and income-tax will amount to ₹8,91 lakhs, or ₹14 lakhs less than the Budget. It is expected however that ₹37 lakhs of revenue will actually be realised in 1920-21.

(*ii*) *Super-tax—Imperial.*

Revised, 1919-20. 38. The Revised estimate for 1919-20 is taken at ₹64·92 lakhs more than the Budget. The increase is distributed over all the provinces except the United Provinces, but is largest in Bombay (₹28·25 lakhs), Madras (₹16·50 lakhs), and Bengal (₹12 lakhs). It is due generally to a rise in the incomes assessed to super-tax.

Budget, 1920-21. 39. It has been decided with effect from the coming year to replace the present super-tax on the undivided profits of companies and firms by a new form of tax which will be assessed at the flat rate of 1 anna in the rupee upon the total income of each company in excess of ₹50,000. It is estimated that this alteration in the basis of taxation will yield an additional revenue of ₹44 lakhs and that the total revenue during the year 1920-21 will amount to ₹4,36·65 lakhs, the balance of the increase over the Revised estimate representing mainly the super-tax lost in the current year in consequence of the exemption from the tax of businesses paying excess profits duty.

(*iii*) *Ordinary Income-tax.*

(*a*) *Imperial.*

Revised, 1919-20. 40. The Revised estimate for the current year exceeds the Budget by ₹12·86 lakhs. The increase arises from improved assessment in Delhi, the employment of extra staff, mainly in the Military Department and the rise in the *Budget, 1920-21.* rates of pay of British officers in the Army. The Budget estimate for 1920-21 allows for a full year's yield in respect of the increased emoluments of these officers and is taken at ₹4·77 lakhs more than the Revised for the current year.

(*b*) *Divided.*

41. The Revised estimate for 1919-20 is more than the Budget by no less than R3,06·50 lakhs, nearly three-fourths of the increase occurring in Bengal (R1,82·50 lakhs) and Bombay (R95·10 lakhs). The rise is attributable to considerable profits realised in certain trades and to improved methods of assessment introduced under the new Income-tax Act, and would have been higher but for delay in the commencement of collections in several provinces. *Revised, 1919-20.*

42. A considerable rise in revenue is anticipated in 1920-21 as the result of the levy of income-tax in that year on amounts which were paid to Government as excess profits duty in the current year, and were exempt from assessment to income-tax. The collection of arrears and an increase in the trade profits which will come under assessment will also go to swell the revenue in 1920-21. The Budget estimate for the latter year is accordingly taken at R1,50·13 lakhs more than the Revised estimate for 1919-20. *Budget, 1920-21.*

EXPENDITURE.

(*a*) *Imperial.*

43. The increase in the Revised estimate for the current year over the Budget represents the charges of the Adviser to the Government of India on excess profits duty and extra establishment for collection of the duty. The Budget estimate for 1920-21 does not differ materially from the Revised for the current year. *Revised, 1919-20.* *Budget, 1920-21.*

(*b*) *Divided.*

44. The Revised estimate for 1919-20 does not differ materially from the Budget estimate, a lapse of R90,000 in the United Provinces being absorbed by larger establishment charges in other provinces. The Budget estimate for 1920-21 provides for the strengthening of the staff in almost all the provinces to cope with the increase in assessment work, and is taken at R5·10 lakhs more than the Revised estimate for the current year. *Revised, 1919-20.* *Budget, 1920-21.*

IX AND 11.—FOREST.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General .	11,91,042	13,40,086	19,36,108	23,24,000	18,71,000	19,78,000
2. Baluchistan .	18,277	17,934	25,107	22,000	21,000	22,000
3. North-West Frontier	2,40,985	3,37,711	3,81,322	4,39,000	4,12,000	4,91,000
Total	14,50,304	16,95,731	23,42,537	27,85,000	23,04,000	24,91,000
Provincial.						
1. Madras . .	45,96,126	54,58,489	47,91,460	49,36,000	61,00,000	56,10,000
2. Bombay . .	55,19,177	63,12,022	1,04,94,031	80,50,000	96,50,000	90,00,000
3. Bengal . .	13,38,779	13,76,970	19,44,104	16,30,000	19,00,000	20,00,000
4. United Provinces .	50,40,932	61,16,697	66,37,167	1,00,00,000	75,30,000	1,03,00,000
5. Punjab . . .	16,87,800	21,17,776	21,54,178	36,35,000	36,56,000	48,19,000
6. Burma . . .	1,23,79,531	1,23,61,499	1,25,28,352	1,35,00,000	1,74,50,000	1,60,00,000
7. Bihar and Orissa .	5,29,081	7,53,625	9,44,763	8,00,000	8,00,000	8,35,000
8. Central Provinces .	33,71,578	34,66,493	34,88,422	35,00,000	39,50,000	41,26,000
9. Assam . . .	11,48,622	13,09,956	14,93,318	14,56,000	15,56,000	13,82,000
Total .	3,56,11,626	3,92,73,527	4,44,76,295	4,75,07,000	5,25,92,000	5,40,72,000
TOTAL INDIA ₹	3,70,61,930	4,09,69,258	4,68,18,832	5,02,92,000	5,48,96,000	5,65,63,000
Equivalent in Sterling £	2,470,795	2,731,284	3,121,255	3,352,800	3,659,800	3,770,900

EXPENDITURE.

Imperial.						
1. India General . .	10,71,931	10,60,779	15,34,703	23,97,000	18,86,000	27,03,000
2. Baluchistan . .	26,929	29,999	28,736	30,000	25,000	57,000
3. North-West Frontier	1,18,070	1,53,875	2,07,357	2,65,000	3,12,000	4,87,000
Total .	12,16,930	12,44,653	17,70,846	26,92,000	22,23,000	32,47,000
Provincial.						
1. Madras . . .	28,42,678	30,20,349	31,82,521	37,25,000	36,05,000	43,32,000
2. Bombay . . .	25,64,682	33,53,715	78,72,196	41,43,000	64,00,000	54,77,000
3. Bengal . . .	6,19,649	7,38,713	8,25,835	7,66,000	9,30,000	13,57,000
4. United Provinces .	27,35,915	32,04,928	45,98,962	67,02,000	57,97,000	70,22,000
5. Punjab . . .	9,34,662	11,58,048	17,95,804	26,15,000	24,63,000	37,64,000
6. Burma . . .	49,36,538	54,87,178	56,91,982	64,37,000	66,60,000	70,67,000
7. Bihar and Orissa .	4,47,972	3,90,717	4,30,849	5,51,000	5,41,000	6,53,000
8. Central Provinces .	17,68,775	18,72,124	20,15,517	21,65,000	23,40,000	24,95,000
9. Assam . . .	6,76,033	6,86,627	6,90,961	9,02,000	8,99,000	9,79,000
Total .	1,75,26,954	1,99,12,399	2,71,04,657	2,80,06,000	2,96,35,000	3,31,46,000
TOTAL INDIA ₹	1,87,43,884	2,11,57,052	2,88,75,503	3,06,98,000	3,18,58,000	3,63,93,000
Equivalent in Sterling £	1,249,592	1,410,470	1,925,034	2,046,500	2,123,900	2,426,200
England . . £	2,173	572	1,877	5,000	8,700	35,500
TOTAL EXPENDITURE £	1,251,765	1,411,042	1,926,911	2,051,500	2,132,600	2,461,700
NET REVENUE £	1,219,030	1,320,242	1,194,344	1,301,300	1,527,200	1,309,200

REVENUE.

(a) *Imperial.*

45. The decrease of R4·81 lakhs in the revenue in the current year as compared with the Budget estimate is due to poor receipts in Port Blair (R3·24 lakhs), and the non-completion of forest tramways in Coorg (R1·21 lakhs). The Budget estimate for 1920-21 provides for a moderate growth of revenue in these administrations and is R1·87 lakhs more than the Revised for the current year. *Revised, 1919-20.* *Budget, 1920-21.*

(b) *Provincial.*

46. The Revised estimate for 1919-20 is more than the Budget by R50·85 lakhs. All the provinces except the United Provinces contribute to the improvement, but it is largest in Burma (R39·50 lakhs), Bombay (R16 lakhs) and Madras (R11·64 lakhs). The rise is due generally to arrear recoveries in respect of supplies made in the preceding year, increased demands for timber, resin, turpentine and other forest produce, and to the higher prices that have been realised. Other special causes of increase are the supply of fodder to the districts affected by famine in Bombay (R12·57 lakhs), and better prices realised for tanning materials in Madras on the withdrawal of control by the Munitions Board. The decline in the United Provinces (R24·70 lakhs) arises from delay in the arrival of plant and machinery for the new saw-mill and turnery and in the completion of the resin distillery. *Revised, 1919-20.*

47. The Budget estimate for 1920-21 is R14·80 lakhs more than the Revised for the current year. A considerable increase (R27·70 lakhs) is anticipated in the United Provinces from the new saw-mill and turnery which are now in full working order, and in the Punjab (R11·63 lakhs) owing to the working of the Kulu forests by departmental agency. On the other hand, provision is made for a decrease of revenue in Burma (R14·50 lakhs), Bombay (R6·50 lakhs), and Madras (R4·90 lakhs), the current year's revenue in these provinces being specially high. *Budget, 1920-21.*

EXPENDITURE.

(a) *Imperial (including outlay in England).*

48. The decrease of R4·14 lakhs in the Revised estimate for the current year as compared with the Budget is due to lapses in the grants for the improvement and extension of forests in Port Blair (about R3 lakhs) and for the Coorg tramway (R2·05 lakhs). The Budget for 1920-21 exceeds the Revised estimate for 1919-20 by R14·26 lakhs. It provides for further expenditure on the Coorg tramway (about R1½ lakhs), for the improvement and extension of forests in Port Blair (about R·4 lakhs), and for the extension of the departmental working of forests in the North-West Frontier province (R1·48 lakhs). *Revised, 1919-20.* *Budget, 1920-21.*

(b) *Provincial.*

49. The Revised estimate for 1919-20 is more than the Budget by R16·29 lakhs, owing mainly to a special outlay of R17·46 lakhs in Bombay in connection with famine fodder operations. There will also be increases due to expenditure on new roads and buildings and a forest railway in Bombay (R3·30 lakhs), payment of grain compensation and war allowances in the Central Provinces for which provision was included in the Budget under Miscellaneous (R1·66 lakhs), and a rise in the scale of these allowances in some other provinces (about R2 lakhs), but they will be more than set off by savings in the United Provinces (R9·05 lakhs), owing mainly to delay in the arrival of machinery for the saw-mill and turnery. *Revised, 1919-20.*

Budget, 1920-21.

50. The total Budget estimate for 1920-21 exceeds the Revised for the current year by R35·11 lakhs. The bulk of the increase occurs in the Punjab (R13·01 lakhs), the United Provinces (R12·25 lakhs), and Madras (R7·27 lakhs). An increased allotment for ordinary expenditure in Bombay is obscured by the omission of the expenditure incurred in the current year on famine fodder operations. Provision has generally been made for various measures of forest development and for the full cost of the revisions of pay already sanctioned. Grants have been allotted, among other objects, for special expenditure in connection with the wood-working institute and the utilisation circle in the United Provinces (R7·10 lakhs), for the exploitation of certain forests and a new saw-mill in Madras (R3 lakhs), for a new forest college and for special expenditure on roads and buildings in Bombay (R4·96 lakhs), for the extension of the departmental working of forests in the Punjab (R6·79 lakhs), and for the reorganisation of forest establishments in Bombay (R2 68 lakhs), the Punjab (R2 lakhs) and Bengal (R50,000). Exclusive of the Central Provinces where provision for grain compensation and war allowances has been included under Miscellaneous, the Budget estimate includes an aggregate allotment of R6·88 lakhs for these allowances.

X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Imperial.						
1. India General	19,611	23,309	25,250	26,000	29,000	29,000
2. Delhi	23,701	27,910	30,447	29,000	34,000	34,000
3. Baluchistan	3,207	3,873	3,658	3,000	5,000	4,000
4. North-West Frontier	49,307	55,259	59,968	55,000	62,000	62,000
Total	95,826	1,10,351	1,19,323	1,13,000	1,30,000	1,29,000
Provincial.						
1. Madras	24,70,160	24,72,459	27,38,200	27,10,000	33,00,000	34,20,000
2. Bombay	8,37,457	9,25,151	11,42,324	11,50,000	13,00,000	13,00,000
3. Bengal	21,48,927	19,04,027	19,17,737	19,00,000	27,00,000	27,00,000
4. United Provinces	7,31,341	7,37,436	7,75,235	7,35,000	9,70,000	12,50,000
5. Punjab	3,71,489	3,80,796	4,06,133	3,75,000	5,00,000	5,00,000
6. Burma	2,43,754	1,89,204	2,29,345	2,30,000	2,90,000	2,70,000
7. Bihar and Orissa	6,80,909	6,68,083	6,84,651	7,50,000	9,00,000	8,00,000
8. Central Provinces	4,20,903	4,30,608	4,33,971	4,70,000	6,50,000	7,00,000
9. Assam	1,02,962	95,737	92,855	90,000	1,17,000	1,10,000
Total	80,12,902	78,03,501	84,70,451	84,10,000	1,07,27,000	1,10,50,000
TOTAL INDIA R	81,08,728	79,13,852	85,89,774	85,23,000	1,08,57,000	1,11,79,000
Equivalent in Sterling £	540,581	527,590	572,652	568,200	723,800	745,200

EXPENDITURE.

Imperial.						
1. India General	7,162	7,394	8,305	8,000	8,000	9,000
2. Delhi	7,523	8,026	8,757	8,000	8,000	9,000
3. Baluchistan	1,536	1,903	1,935	1,000	2,000	2,000
4. North-West Frontier	12,066	13,077	14,912	14,000	16,000	15,000
Total	28,287	30,400	33,909	31,000	35,000	35,000
Provincial.						
1. Madras	13,12,239	13,39,696	15,10,167	16,20,000	16,61,000	18,04,000
2. Bombay	3,71,704	3,87,364	4,84,838	4,82,000	5,17,000	5,07,000
3. Bengal	11,34,770	11,41,039	11,33,912	12,21,000	13,00,000	13,89,000
4. United Provinces	3,02,371	3,03,278	3,09,182	3,06,000	3,17,000	3,65,000
5. Punjab	1,24,062	1,26,694	1,34,219	1,37,000	1,70,000	1,56,000
6. Burma	1,08,007	1,04,912	1,06,625	1,08,000	1,16,000	1,13,000
7. Bihar and Orissa	3,79,001	3,77,273	3,98,464	4,04,000	4,50,000	4,04,000
8. Central Provinces	1,27,554	1,62,399	1,72,472	1,64,000	1,84,000	1,70,000
9. Assam	67,906	67,108	67,789	75,000	78,000	84,000
Total	39,28,134	40,09,763	43,17,668	45,17,000	47,93,000	49,92,000
TOTAL INDIA R	39,56,421	40,40,163	43,51,577	45,48,000	48,28,000	50,27,000
Equivalent in Sterling £	263,761	269,344	290,105	303,200	321,800	335,200

REVENUE.

(a) *Imperial.*

51. The figures show little variation.

(b) *Provincial.*

Revised, 1919-20.

52. The Revised estimate for 1919-20 is R23·17 lakhs more than the Budget forecast; the increase is distributed over all the provinces, but is largest in Bengal (R8 lakhs) and Madras (R5·90 lakhs). It is generally attributed to the high level of prices which has increased registrations and to speculative investments in landed and other property of profits realised during the war. The increase of R3·23 lakhs in the Budget estimate for the next year as compared with the Revised for the current year occurs mainly in the United Provinces where provision has been made for an enhancement of the scale of registration fees.

Budget, 1920-21.

EXPENDITURE.

(a) *Imperial.*

53. The figures show little variation.

(b) *Provincial.*

Revised, 1919-20.

54. The Revised estimate for 1919-20 exceeds the Budget estimate by R2·76 lakhs; the increase is distributed over all the provinces and is due to the entertainment of temporary staff to cope with increased registration work, the revision of pay of establishments and a rise in the scale of war allowances. The Budget for 1920-21 is more than the Revised estimate for the current year by R1·99 lakhs. It provides for a decrease in the cost of temporary establishments, but includes allotments for various minor schemes of revision in Madras (R1 lakh), for giving effect to the Public Service Commission's recommendations and for the reorganisation of establishments in Bengal (R1·62 lakhs), and for the revision of the pay of sub-registrars in the United Provinces (R59,000).

Budget, 1920-21.

XI.—TRIBUTES.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Imperial.						
1. India General .	19,47,897	17,29,547	18,99,750	20,02,000	21,23,000	20,62,000
2. Madras . .	44,96,519	44,96,519	44,96,519	44,97,000	44,97,000	44,97,000
3. Bombay . . .	13,94,235	13,65,137	11,97,415	13,40,000	13,50,000	13,40,000
4. Bengal . .	67,701	67,701	67,701	68,000	68,000	68,000
5. United Provinces .	3,21,000	3,21,000	3,21,000	3,21,000	3,41,000	3,51,000
6. Punjab . . .	1,46,458	1,43,965	1,44,941	1,44,000	1,44,000	1,44,000
7. Burma . . .	4,48,099	4,59,405	4,50,691	4,52,000	4,52,000	4,52,000
8. Bihar and Orissa .	85,499	85,500	85,500	86,000	86,000	86,000
9. Central Provinces .	2,28,937	2,46,187	2,01,687	2,39,000	2,79,000	2,39,000
10. Assam . . .	50,100	50,100	50,100	50,000	50,000	5,000
TOTAL INDIA R	91,86,440	89,65,061	89,15,304	91,99,000	93,90,000	92,44,000
Equivalent in Sterling £	612,429	597,670	594,354	613,300	626,000	616,300

55. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not ordinarily show any important fluctuations from year to year except for advance payment of sums falling due in the ensuing year, or arrears and their recovery. The Revised estimate for 1919-20 provides for an increase in the United Provinces owing to the transfer of the Ramnagar town to the Benares State, and the Budget for 1920-21 for a reduction in the tribute from the Manipur State in Assam.

Revised, 1919-20.

Budget, 1920-21.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	65,522	1,92,259	64,83,389	1,01,000	6,62,000	1,46,000
2. Delhi	10,613	16,278	31,479	35,000	29,000	30,000
3. Baluchistan	1,804	3,110	2,178	3,000	3,000	3,000
4. North-West Frontier	27,503	23,353	26,427	24,000	36,000	37,000
5. Other Provinces	41,22,695	53,37,883	87,52,870	61,57,000	1,15,36,000	82,09,000
Total	42,28,137	55,72,883	1,52,96,293	63,20,000	1,22,71,000	84,25,000
Divided and Provincial.						
1. Madras	4,76,011	5,01,562	7,73,295	5,81,000	14,25,000	6,96,000
2. Bombay	9,86,435	11,26,883	12,07,696	18,50,000	35,60,000	32,60,000
3. Bengal	4,36,318	4,03,499	4,09,780	4,69,000	6,35,000	4,67,000
4. United Provinces	2,84,472	3,12,038	3,75,604	3,32,000	6,65,000	5,15,000
5. Punjab	2,04,669	2,43,855	2,40,852	2,53,000	2,84,000	2,64,000
6. Burma	3,39,326	4,33,581	3,01,254	3,33,000	7,57,000	3,77,000
7. Bihar and Orissa	1,07,940	88,980	1,33,349	1,09,000	1,24,000	1,23,000
8. Central Provinces	75,211	91,703	80,387	96,000	3,94,000	3,90,000
9. Assam	41,953	43,859	50,867	55,000	73,000	56,000
Total	29,52,335	32,45,960	35,73,084	40,78,000	84,17,000	61,48,000
TOTAL INDIA ₹	71,80,472	88,18,843	1,88,69,377	1,03,98,000	2,06,88,000	1,45,73,000
Equivalent in Sterling £	478,698	587,922	1,257,958	693,200	1,379,200	971,500

(a) *Imperial.*

Revised, 1919-20.

56. The wholly Imperial expenditure shown against "Other Provinces" represents refunds and drawbacks in respect of wholly Imperial revenue (*e.g.*, Opium, Salt, Excess profits duty, Super-tax, Customs and Tributes). The increase of ₹59·51 lakhs in the Revised estimate over the Budget for 1919-20 occurs mainly under Customs (₹44·66 lakhs), Super-tax (₹8·57 lakhs) and Salt (₹5·66 lakhs) refunds. The excess under the first head is due to heavy re-exports of imported merchandise owing to shipping difficulties, and in the case of sugar, to a world shortage of supplies. The rise in Super-tax refunds occurs mainly in Madras where the assessment work commenced late in 1918-19 with the result that a large number of revision petitions involving refunds were disposed of in the current year. The increase under the last head is due to the refund of duty erroneously received from traders in Northern India subsequent to the discontinuance of the receipt of duty in the middle of the year.

Budget, 1920-21.

The Budget estimate for 1920-21 assumes a decrease under Customs refunds as the result of improved shipping facilities and normal refunds under other heads.

(b) *Divided and Provincial.*

Revised, 1919-20.

57. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1919-20, the Budget will be exceeded by ₹43·39 lakhs, owing mainly to higher refunds of income-tax revenue in Madras, Bombay and Burma in consequence of the procedure in regard to provisional assessment introduced under the new Income-tax Act, and to a special payment of compensation to excise distillers in the Central Provinces owing to the failure of the mahua crop.

Budget, 1920-21.

The Budget estimate for 1920-21 provides for normal refunds in all provinces.

2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	32,18,487	36,39,766	25,59,451	34,33,000	39,33,000	35,18,000
2. Delhi	5,188	4,393	5,184	5,000	6,000	5,000
3. Baluchistan	2,01,745	2,00,636	2,00,879	2,02,000	1,97,000	1,95,000
4. North-West Frontier	17,842	17,668	19,767	20,000	20,000	19,000
5. Other Provinces	35,45,856	35,64,978	34,77,465	34,97,000	34,95,000	34,98,000
Total	69,89,118	74,27,441	62,62,746	71,57,000	77,06,000	72,35,000
Divided and Provincial.						
1. Madras	5,95,418	5,55,915	6,18,337	6,20,000	6,31,000	6,71,000
2. Bombay	1,05,20,212	1,05,36,685	1,08,65,040	1,09,23,000	1,08,31,000	1,19,45,000
3. Bengal	1,09,389	1,36,574	1,77,389	1,99,000	2,03,000	2,23,000
4. United Provinces	3,06,021	2,92,797	2,88,299	3,02,000	2,85,000	3,03,000
5. Punjab	66,882	66,646	65,923	69,000	67,000	68,000
6. Burma	200	200	200	1,000	1,000	1,000
7. Bihar and Orissa	98,970	1,02,028	89,951	1,01,000	1,01,000	1,01,000
8. Central Provinces	34,814	34,897	32,846	33,000	34,000	34,000
9. Assam	34,333	34,933	42,939	37,000	37,000	37,000
Total	1,17,66,239	1,17,60,675	1,21,80,924	1,22,85,000	1,21,90,000	1,33,83,000
TOTAL INDIA R	1,87,55,357	1,91,88,116	1,84,43,670	1,94,42,000	1,98,96,000	2,06,18,000
Equivalent in Sterling £	1,250,357	1,279,208	1,229,578	1,296,100	1,326,400	1,374,500

(a) *Imperial.*

58. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Indian States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay. The variations between the Budget and Revised estimates of the current year and between the latter and the Budget of next year are, generally speaking, due to the fact that the salt royalty payable to Jaipur and Jodhpur and the customs compensation payable to Travancore and Cochin fluctuate respectively with reference to the actual sales of salt and the actual realisations of customs revenue. A further cause of variation in the present estimates is that salt compensations due to certain Indian States in 1918-19 (R4·63 lakhs) were drawn in the current year.

(b) *Divided and Provincial.*

59. The Revised estimate for 1919-20 is less than the Budget by R95,000; the decrease occurs under assessment of alienated lands in Bombay owing to revised survey and settlement rates introduced in certain districts. The Budget estimate for 1920-21 includes a provision of R11·05 lakhs in Bombay for surplus compensation payable to certain states in respect of abkari and hemp drug leases and exceeds the Revised estimate for the current year by R11·93 lakhs. *Revised, 1919-20.* *Budget, 1920-21.*

XII.—INTEREST RECEIPTS.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. Interest on Imperial loans and advances	34,21,667	33,33,355	35,10,656	34,66,000	35,35,000	33,49,000
2. Profits of Paper Currency Circulation	34,70,420	34,70,420	34,70,420	66,70,000	66,70,000	64,15,000
3. Interest on overdrawn Capital of Railway Companies in India	5,67,643	6,39,511	5,29,306	5,95,000	6,17,000	6,17,000
4. Interest charged to Capital on advances to Railway Companies	9,553	9,987	7,415	60,000	35,000	2,00,000
5. Interest on Securities of Railway Companies' Provident Funds	...	1,02,597	34,63,372	26,41,000	26,41,000	28,12,000
6. Miscellaneous items	3,24,601	6,48,505	9,29,450	4,05,000	7,03,000	5,54,900
TOTAL R	77,93,284	82,54,375	1,19,11,619	1,38,37,000	1,42,01,000	1,39,47,000
Provincial.						
1. Madras	4,82,547	4,56,476	4,90,071	5,28,000	5,15,000	5,31,000
2. Bombay	12,62,716	11,39,358	7,44,570	9,43,000	14,25,000	17,70,000
3. Bengal	6,49,042	6,89,791	5,62,255	5,33,000	6,07,000	6,21,000
4. United Provinces	17,78,373	14,97,372	11,90,755	19,45,000	18,45,000	15,84,000
5. Punjab	2,77,185	2,47,291	2,40,921	2,38,000	2,47,000	2,79,000
6. Burma	1,64,513	1,65,973	2,33,397	2,45,000	2,46,000	2,65,000
7. Bihar and Orissa	1,75,750	1,56,625	1,25,909	1,93,000	1,31,000	3,11,000
8. Central Provinces	2,76,390	2,17,762	1,86,208	2,18,000	2,81,000	3,90,000
9. Assam	58,893	1,24,488	1,27,015	2,29,000	1,02,000	1,56,000
TOTAL R	51,25,409	46,95,141	39,01,101	50,77,000	53,99,000	59,07,000
TOTAL INDIA R	1,29,18,693	1,29,49,516	1,58,12,720	1,89,14,000	1,96,00,000	1,98,54,000
Equivalent in Sterling £	861,246	863,301	1,054,182	1,260,900	1,306,700	1,323,600
ENGLAND.						
1. Profits of Paper Currency Circulation	399,152	1,429,349	1,710,850	1,940,300	2,291,000	2,500,000
Deduct: transfer to the Consols Depreciation Fund	*399,080*	*450,000*	...	...	...	...
Net profits of Paper Currency circulation	72	979,349	1,710,850	1,940,300	2,291,000	2,500,000
2. Interest realised from investment of Cash Balances, etc.	213,929	364,645	248,246			
3. Interest on advances to the Imperial Bank of Persia for the purpose of the Persian Government	24,591	27,280	38,885	145,000	381,400	192,000
4. Interest on investment in Special Reserve	...	...	776,851	291,200	401,000	...
5. Miscellaneous	36,666	—64,467	408	...	...	...
TOTAL £	275,258	1,306,807	2,775,240	2,376,500	3,073,400	2,692,000
TOTAL RECEIPTS £	1,136,504	2,170,108	3,829,422	3,637,400	4,380,100	4,015,600
Loans and advances outstanding on 31st March:—						
1. Imperial £	5,934,988	5,993,779	6,018,096	6,107,579	5,930,996	6,343,396
2. Provincial £	6,120,556	5,585,919	6,904,953	7,600,519	7,870,858	7,255,258

(a) *India—Imperial.*

Revised, 1919-20. *Budget, 1920-21.*

60. The Revised estimate for 1919-20 is more than the Budget by R3·64 lakhs, the increase occurring mainly in the interest on miscellaneous accounts in the Punjab and minor administrations. The Budget for 1920-21 will fall short of the Revised for the current year by R2·54 lakhs. The interest recoverable in respect of Imperial loans and advances and miscellaneous items will be less by R1·86 lakhs and R1·49 lakhs, respectively, and the interest on Paper Currency investments will also show a decrease of R2·55 lakhs in consequence of a reduction of R2 crores recently effected in the holding of Indian treasury bills in the Paper Currency Reserve. On the other hand, there will be increases of R1·65 lakhs in the interest charged to capital on advances to railway companies and of R1·71 lakhs in the interest on securities of railway companies' provident funds.

(b) *India—Provincial.*

Revised, 1919-20. *Budget, 1920-21.*

61. The Revised estimate for 1919-20 is R3·22 lakhs more than the Budget, increased recoveries in respect of advances to cultivators in Bombay, Bengal and the Central Provinces being partly set off by a falling off in the United Provinces, Assam and Bihar and Orissa. The Budget estimate for 1920-21 provides for an increase of R5·08 lakhs owing to anticipated recoveries in respect of the large agricultural advances which have been granted in the last and current years in Bombay, the Central Provinces and Bihar and Orissa.

(c) *England.*

Revised, 1919-20.

62. The interest receipts in England in 1919-20 are likely to exceed the Budget estimate by £696,900. The rise is due to the sums available for investment from the cash balances of the home treasury having been higher than anticipated, and to the higher rates of interest obtained on investments of the cash balances as well as of the Paper Currency and Special Reserves.

Budget, 1920-21.

63. The interest receipts are taken in the Budget estimate for 1920-21 at £2,692,000 or £381,400 less than in the Revised for the current year. The interest on the investment of cash balances will be less by £189,400 than in 1919-20 as the surplus balances available for investment in the coming year will be less than in the current year, and no receipt will accrue in respect of the Special Reserve as it is expected to be fully utilised before the close of 1919-20. On the other hand, there will be an increase of £209,000 in the receipts from investments on behalf of the Paper Currency Reserve as the result of the higher rates of interest obtainable; the receipts would have been larger but for an anticipated reduction in the amount of the investments for meeting reverse drafts on London.

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Interest on Debt other than that charged to Railways and Irrigation Works—						
Interest on total Debt—						
1. India R	5,66,67,195	9,34,66,822	12,66,01,889	13,38,00,000	15,49,00,000	15,65,00,000
1. India £	3,777,313	6,231,088	8,440,126	8,920,000	10,326,700	10,433,300
2. England £	5,846,832	9,938,905	8,400,305	7,819,900	7,582,100	7,239,400
Total £	9,624,645	16,169,993	16,840,931	16,739,900	17,908,800	17,672,700
Deduct amounts charged to—						
(*a*) Railways:						
(*i*) India R	*6,20,88,181*	*6,75,37,922*	*6,99,25,735*	*7,28,85,000*	*7,50,07,000*	*8,22,20,000*
(*i*) India £	*4,139,212*	*4,502,528*	*4,661,715*	*4,859,000*	*5,000,500*	*5,481,300*
(*ii*) England £	*3,620,110*	*3,652,953*	*3,639,488*	*3,699,600*	*3,673,800*	*3,756,900*
Total Railways £	*7,759,322*	*8,155,481*	*8,301,203*	*8,558,600*	*8,674,300*	*9,238,200*
(*b*) Irrigation:						
(*i*) India R	*1,93,89,268*	*2,08,67,708*	*2,12,22,106*	*2,15,87,000*	*2,15,25,000*	*2,18,89,000*
(*i*) India £	*1,292,620*	*1,391,180*	*1,414,808*	*1,439,100*	*1,435,000*	*1,459,300*
(*ii*) England £	*120,585*	*124,415*	*124,596*	*124,600*	*125,000*	*125,700*
Total Irrigation £	*1,413,205*	*1,515,595*	*1,539,404*	*1,563,700*	*1,560,000*	*1,585,000*
Total deduction £	*9,172,527*	*9,671,076*	*9,840,607*	*10,122,300*	*10,234,300*	*10,823,200*
Interest on Ordinary Debt £	452,118	6,498,917	7,000,824	6,617,600	7,674,500	6,849,500
Distribution of above—						
Imperial £	229,306	6,287,001	6,751,137	6,301,100	7,349,600	6,507,500
Provincial £	222,812	211,916	249,187	316,500	324,900	342,000
Interest on other Obligations—						
On Savings Bank Balances converted at R15=£1 £	513,795	631,034	929,060	852,200	937,300	1,030,100
Other items £	208,951	198,218	197,706	293,700	322,400	312,900
TOTAL £	722,746	829,252	1,126,766	1,145,900	1,259,700	1,343,000
GRAND TOTAL £	1,174,864	7,328,169	8,127,090	7,763,500	8,934,200	8,192,500
Debt outstanding on 31st March—						
Sterling	£ 174,144,724	£ 236,957,575	£ 202,528,570	£ 194,142,575	£ 193,182,570	£ 192,682,570
Rupee Debt—	R	R	R	R	R	R
Permanent Debt—						
New Loan	...	...	...	15,00,00,000	...	15,00,00,000
5½ per cent. War Bonds	...	...	29,44,70,677	29,40,81,000	29,39,34,677	29,39,34,677
5 per cent. debt	1,10,51,523	25,17,53,643	25,41,72,894	24,69,12,643	45,94,24,394	44,84,24,394
4 per cent. „	21,46,54,000	17,68,18,200	17,48,73,100	17,36,89,200	17,36,92,100	17,24,92,100
3½ per cent. „	1,32,02,13,950	1,19,38,73,900	1,19,00,87,073	1,19,06,77,900	1,19,06,47,073	1,19,12,23,073
3 per cent. „	7,26,69,400	6,83,29,150	6,70,36,250	6,62,00,150	6,63,36,250	6,56,36,250
Other debt	1,00,14,200	1,00,13,900	1,00,14,000	1,00,13,900	1,00,14,000	1,00,14,000
Temporary Debt—						
5½ per cent. War Bonds	4,91,67,255	31,74,74,065	59,43,89,942	59,36,18,065	57,44,06,942	38,26,04,942
Treasury Bills	...	43,57,05,000	49,24,30,000	21,07,05,000	49,00,30,000	31,00,30,000
Other loans	50,00,000	4,00,00,000	...	...	...	...
Savings Bank Balances	25,25,68,358	30,70,05,385	37,82,21,101	42,80,49,385	41,55,32,101	45,69,30,101
Post Office Cash Certificates	...	8,88,44,541	8,19,51,607	8,26,44,541	5,80,51,607	4,80,51,607

Interest on ordinary debt.

64. The expenditure in 1919-20 on account of interest payable on the public debt as a whole will exceed the Budget estimate by R1,75·33 lakhs (£1,168,900). As the result of the tight position in regard to Indian cash balances during the greater part of the current year, it has not been possible to effect any reduction in the amount of treasury bills outstanding at the commencement of the year; on the other hand, temporary assistance in aid of the treasury balances has had to be obtained to the extent of 18½ crores in the form of Ways and Means advances from Presidency Banks. The discount on treasury bills and interest on these advances will therefore exceed the Budget provision by R1,40 lakhs. The discount and other charges for the new loan and the appropriation for the depreciation fund will amount to R2,04 lakhs or R93 lakhs more than the Budget. Allowing for a lapse of 22 lakhs in the provision for ordinary interest payments, the excess in interest expenditure in India will amount to R2,11 lakhs (£1,406,700), but it will be partly counterbalanced by a saving in England in the provision for dividends (£103,800=R15·57 lakhs) and sinking fund (£133,700=R20·05 lakhs) in respect of India's share of the British war debt. *Revised, 1919-20.*

65. In the Budget for 1920-21 provision has been made for a full year's interest on the rupee loan raised in the current year. A sum of R3,25 lakhs (£2,166,700) has been set aside for the service of the rupee loan to be floated in the coming year and for discount on the treasury bills which it is anticipated will be sold during the course of 1920-21 in partial replacement of those issued in the current year. Allowance has been made for the discharge of the war bonds, 1920, amounting to over R19 crores which are due for payment in August next, and provision has been entered for the dividends due on the undischarged balance of India's share of the British war debt and for a sinking fund appropriation of £500,000. *Budget, 1920-21.*

66. The following statement shows the details of the charges now anticipated in the current and next years for the service of India's £100 million contribution to the cost of the war:—

	Budget, 1919-20.	Revised, 1919-20.	Budget, 1920-21.
	£	£	£
In India—			
Interest on first Indian war loan, 1917	1,551,000	1,551,000	1,551,000
Sinking fund for long term Indian war loan (1929-47) at 1¼ per cent. on the amount of loan created by fresh issue and conversion . . .	273,300	273,300	273,300
Interest on second Indian war loan, 1918	2,092,200	2,092,200	2,092,200
Total .	3,916,500	3,916,500	3,916,500
In England—			
Interest on British 5 per cent. war loan (1929-47) taken over by India .	1,498,300	1,394,500	1,065,900
Sinking fund in respect of British 5 per cent. war loan (1929-47) taken over by India	633,700	500,000	500,000
	6,048,500	5,811,000	5,482,400

67. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of railways or irrigation works; and, thirdly, on the rate at which interest is charged on that portion of the debt which has not been specifically raised for the above or other purpose. Our practice has hitherto been to adopt for this adjustment the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which complete accounts are available. It has been decided with effect from the current year to charge to railways and *Transfers to Railway and Irrigation Accounts.*

irrigation works, in respect of that portion of the debt which has not been incurred specifically for these works, interest on capital expenditure incurred to the end of 1916-17 at the average rate of interest paid on borrowings to the end of that year, and interest on capital outlay in subsequent years at the average rate paid on borrowings in that period.

Revised, 1919-20. The increase of R16·80 lakhs (£112,000) in the Revised estimate of total interest to be transferred in 1919-20 as compared with the Budget, is the result of a rise in the rate and a reduction in the capital at charge at the end of 1919-20. The increase in the total amount of interest to be transferred in 1920-21 over the Revised estimate for 1919-20 is almost wholly due to the progress of capital expenditure.

Budget, 1920-21.

Transfer to Provincial.

68. A portion of the interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to Indian States, to landholders and notabilities apart from the provisions of any law and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at a fixed rate is charged to the local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be transferred to the Provincial Section in the current year, and between the latter and the Budget estimate of 1920-21, are explained by the variations in the outstanding balances of the Provincial Loan Account as shown in the table under head XII.—Interest receipts.

Interest on other obligations.

Revised, 1919-20. 69. The total expenditure in 1919-20 is likely to exceed the Budget by R17·07 lakhs (£113,800), owing mainly to a larger payment for bonus on cash certificates discharged and the increased rate of interest recently sanctioned for deposits in provident funds, partly set off by a lapse in the provision for certain *wasika* pensions in the United Provinces. The Budget estimate for 1920-21 provides for an increase of R12·49 lakhs (£83,300) over the Revised for 1919-20. It is attributable to an anticipated growth in the deposits in State and railway companies' provident funds and to provision made for *wasika* pensions postponed from the current year.

Budget, 1920-21.

XIII AND 15—POSTS AND TELEGRAPHS.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
REVENUE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Postage and Message Revenue	4,78,47,180	5,23,91,597	6,29,55,045	6,66,29,000	7,17,74,000	7,47,54,000
2. Commission on money orders	67,43,904	76,49,308	79,56,330	86,00,000	89,58,000	94,00,000
3. Other Receipts	46,51,886	48,50,337	51,75,856	52,10,000	53,60,000	55,50,000
TOTAL INDIA R	5,92,47,970	6,48,91,242	7,51,87,231	8,04,39,000	8,60,92,000	8,97,04,000
TOTAL INDIA £	3,949,865	4,326,083	5,012,485	5,362,600	5,739,400	5,980,300
ENGLAND £	20,014	23,009	...	50,000	50,000	...
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,969,879	4,349,092	5,012,485	5,412,600	5,789,400	5,980,300
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA.						
1. Message Revenue	30,32,096	36,22,663	46,86,704	45,00,000	29,50,000	29,50,000
2. Other Receipts	18,478	11,763	75,522	—5,85,000	99,000	—3,79,000
TOTAL INDIA R	30,50,574	36,34,426	47,62,226	39,15,000	30,49,000	25,71,000
TOTAL INDIA £	203,371	242,295	317,482	261,000	203,300	171,400
ENGLAND.						
1. Message Revenue £	1,196	22,686	12,187	2,000	3,400	500
2. Other Receipts £	161	2,624	813	41,200	700	32,000
TOTAL ENGLAND £	1,357	25,313	13,000	43,200	4,100	32,500
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT £	204,728	267,607	330,482	304,200	207,400	203,900
TOTAL REVENUE £	4,174,607	4,616,690	5,342,967	5,716,800	5,996,800	6,184,200
EXPENDITURE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Establishment charges	3,33,36,193	3,39,90,089	3,89,82,125	4,06,57,000	4,26,40,000	4,26,40,000
2. Stationery and Printing	15,72,270	24,66,973	16,95,418	23,81,000	23,01,000	19,50,000
3. Conveyance of mails	72,03,461	72,59,446	76,53,621	78,53,000	85,78,000	93,33,000
4. Maintenance of Telegraph Lines	25,06,651	22,89,080	26,71,957	25,51,000	24,15,000	26,30,000
5. Capital outlay in connection with the Telegraph Service	—4,26,035	—1,20,262	12,83,123	17,60,000	—1,36,000	44,25,000
6. Miscellaneous	10,47,317	12,91,086	19,02,252	12,37,000	19,40,000	18,96,000
TOTAL INDIA R	4,45,39,857	4,71,97,611	5,42,53,896	5,64,39,000	5,96,38,000	6,99,74,000
Equivalent in Sterling £	2,969,291	3,146,508	3,616,260	3,762,600	3,979,200	4,664,900
ENGLAND.						
1. Contribution to Eastern mail subsidy £	59,863	45,788	45,788	45,800	45,800	45,800
2. Stores £	204,171	186,165	145,247	547,000	547,000	1,067,000
3. Other items £	5,296	3,933	3,487	7,200	7,000	11,000
TOTAL ENGLAND £	269,333	235,886	194,522	600,000	599,800	1,123,800
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,238,623	3,382,394	3,804,782	4,362,600	4,579,000	5,788,700
INDO-EUROPEAN TELEGRAPH DEPARTMENT. INDIA AND ENGLAND.						
1. Revenue charges £	107,941	144,205	162,146	173,200	206,300	206,300
2. Capital outlay £	145,485	41,075	21,597	59,100	38,000	107,500
3. Payments in respect of Revenue £	—30,662	56	—13,571	—14,700	—98,000	—29,500
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT £	222,764	185,336	170,172	217,600	146,300	284,300
TOTAL EXPENDITURE £	3,461,387	3,567,730	3,974,954	4,580,200	4,725,300	6,073,500
NET REVENUE £	713,220	1,048,960	1,368,013	1,136,600	1,271,500	110,700

REVENUE.

(a) *Indian Postal and Telegraph Department.*

Revised, 1919-20.

70. The Revised estimate for 1919-20 exceeds the Budget by R56·53 lakhs (£376,800). The improvement occurs in the revenue from State messages owing to the frontier operations and the Punjab disturbances.

Budget, 1920-21.

71. The Budget estimate for 1920-21 provides for a further advance of R36·12 lakhs in the collections in India. There will be a fall in military traffic, and the recently announced reduction in foreign cable rates will also result in a loss of revenue, but the decrease will be more than made up by normal growth under other items. The special receipt in England in the current year in connection with the Morley award will not recur.

(b) *Indo-European Telegraph Department.*

Revised, 1919-20.

72. A decrease of 14·52 lakhs (£96,800) in the revenue is anticipated in the current year as compared with the Budget, owing to a falling off in traffic with Persia and adjacent countries. The Budget estimate for 1920-21 does not differ materially from the Revised for the current year.

Budget, 1920-21.

EXPENDITURE.

(a) *Indian Postal and Telegraph Department.*

Revised, 1919-20.

73. The expenditure in 1919-20 is likely to exceed the Budget grant by R32·46 lakhs (£216,400). The increase is mainly due to a rise in the cost of allowances granted to subordinate establishments as compensation for high prices, the entertainment of extra staff and the revision of pay of various establishments, the resumption of weekly special train services, larger repairs to telegraph lines owing to damage caused by cyclone, heavy purchase of stores in India, and larger outlay on stationery and printing owing to a rise in prices, partly counterbalanced by increased credits for stores issued to the Military Department.

Budget, 1920-21.

74. The Budget grant for 1920-21 exceeds the Revised for the current year by the large sum of R1,81·46 lakhs (£1,209,700). The outlay in England will be more by R78·60 lakhs (£524,000) owing to higher prices for stores and a larger demand to replenish stocks depleted by supplies for military requirements. Provision has also been made in India for various schemes of revision of pay and re-organization of establishments, the lump allotments made for schemes under consideration amounting to R56 lakhs, for the construction of overland vans for use on railways (R8 lakhs), for continuance of the war allowances, and for a heavy programme of construction of telegraph lines (R16 lakhs). Apart from these special items the Budget estimate provides for sanctioned establishments and normal working expenses, together with a margin for the development of the operations of the department which are generally remunerative in character.

(b) *Indo-European Telegraph Department.*

Revised, 1919-20.

75. The Revised estimate for 1919-20 is less than the Budget by R10·70 lakhs (£71,300), the decrease being due mainly to an increase in the net receipts in England in connection with the joint purse arrangement, etc. Larger expenditure on cable maintenance and on compensation for high prices and for variations in the exchange rates for the kran and the dollar is partly set off by a lapse in the grant for capital outlay owing to the postponement of works. The Budget estimate for 1920-21 is taken at R20·77 lakhs (£138,500) more than the Revised for the current year. A large rise is anticipated in the capital outlay on the construction of telegraph lines, and the net receipts in England in connection with the joint purse arrangement will be less than in the current year.

Budget, 1920-21.

XV AND 17.—MINT.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees	61,90,138	43,15,269	1,04,02,304	98,00,000	77,00,000	10,00,000
2. Profit on circulation of—						
(a) Nickel coins	32,91,627	22,56,221	1,49,78,811	95,00,000	1,50,00,000	80,00,000
(b) Bronze coins, etc.	...	4,70,417	14,72,882	5,00,000	15,00,000	10,00,000
3. Fees for coining dollars, etc.	3,06,082	2,22,419	1,28,478	2,94,000	4,50,000	...
4. Other items	5,60,135	4,96,585	4,23,642	2,54,000	3,94,000	1,93,000
TOTAL R	1,03,47,982	77,61,011	2,74,01,117	2,03,48,000	2,50,44,000	1,01,93,000
TOTAL £	689,866	517,401	1,826,741	1,356,500	1,669,600	679,500
England £	...	...	73	...	100	...
TOTAL £	689,866	517,401	1,826,814	1,356,500	1,669,700	679,500
EXPENDITURE.						
INDIA.						
1. Establishment charges	9,91,475	11,18,659	13,62,453	13,94,000	20,74,000	12,98,000
2. Purchase of stores	4,19,956	4,68,335	9,62,177	6,70,000	11,05,000	6,95,000
3. Loss on bronze coinage	1,12,152	...	...	...	...	...
4. Loss on re-coining old silver coins	4,16,592	3,00,686	1,28,847	7,51,000	12,57,000	5,87,000
5. Other coinage losses	4,39,764	3,09,637	9,68,198			
6. Charges for gold mint	...	...	95,186	1,20,000	...	50,000
7. Electrification of Bombay Mint	...	...	...	...	...	3,00,000
TOTAL R	23,79,939	21,97,317	40,16,861	29,35,000	44,36,000	29,30,000
TOTAL £	158,662	146,488	267,791	195,700	295,700	195,400
England £	8,749	20,894	38,019	88,800	60,500	62,800
TOTAL £	167,411	167,382	305,810	284,500	356,200	258,200
TOTAL NET REVENUE £	522,455	350,019	1,521,004	1,072,000	1,313,500	421,300

REVENUE.

Revised, 1919-20.

76. The Revised estimate for the current year exceeds the Budget by R46·93 lakhs. The profit on subsidiary coinage will be more by R65 lakhs owing mainly to the increased circulation of nickel one and two anna pieces and the introduction of four and eight anna pieces of the same metal; and there will be an increased receipt of R2·96 lakhs in respect of re-coinage undertaken for the Straits Government and operative gains. On the other hand, the seignorage on rupee coinage will be less than the Budget by R21 lakhs, the market purchases of silver during the year having fallen short of anticipations.

Budget, 1920-21.

77. The Budget estimate for 1920-21 is taken at R1,48·53 lakhs less than the Revised estimate for 1919-20. Provision is made for a seignorage receipt of R10 lakhs in respect of the silver already purchased which awaits coinage, and for a profit of R90 lakhs from the circulation of subsidiary coinage.

EXPENDITURE.

Revised, 1919-20.

78. The excess of R10·76 lakhs in the expenditure in the current year over the Budget estimate arises from the heavy coinage of small coin, increased wages of establishments, rise in cost of stores and larger operative losses owing to the fact that the bulk of the rupee coinage was from low touch silver. Part of the increase due to these causes will be met from the provision of R1·20 lakhs for the gold mint which will not be utilised and from a lapse of R1·24 lakhs in the provision for the purchase of stores in England. The

Budget, 1920-21.

Budget for 1920-21 includes provision for normal expenditure on coinage and special allotments of R1 lakh for revision of establishments, R3 lakhs for the electrification of the Bombay mint and R50,000 for the charges of the gold mint for part of the year.

18.—GENERAL ADMINISTRATION.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
INDIA.						
Imperial.						
1. Cost of the Central Government:						
(i) Salary and expenses of the Governor-General .	10,49,815	10,38,509	10,67,036	10,08,000	11,03,000	10,85,000
(ii) Executive Council .	5,34,543	5,17,426	5,20,963	5,17,000	5,40,000	5,30,000
(iii) Legislative Council .	1,54,383	1,71,883	1,88,888	1,98,000	1,95,000	1,95,000
(iv) Charges of the Secretariats .	38,11,699	38,96,600	40,56,365	41,11,000	47,66,000	52,86,000
2. Offices of Account and Audit . . .	38,97,014	39,46,194	39,50,461	37,70,000	40,78,000	46,61,000
3. Currency Department and Reserve Treasury . . .	10,46,462	12,36,738	20,26,014	12,82,000	16,28,000	16,71,000
4. Payments to Presidency Banks for treasury and public debt work . .	4,63,264	5,10,664	7,40,552	5,44,000	7,52,000	7,65,000
5. Ajmer-Merwara Administration, etc. .	4,594	4,375	2,286	3,000	3,000	3,000
6. Delhi . . .	1,45,418	1,27,033	1,15,569	1,33,000	1,33,000	1,37,000
7. North-West Frontier Administration .	3,61,994	3,65,432	3,73,636	3,82,000	3,97,000	3,87,000
Total .	1,14,69,186	1,18,14,849	1,30,41,800	1,19,48,000	1,35,95,000	1,47,20,000
Provincial.						
1. Madras . . .	15,15,419	15,84,614	16,70,963	17,09,000	19,32,000	23,22,000
2. Bombay . . .	20,50,106	21,39,819	22,60,871	23,05,000	26,73,000	26,36,000
3. Bengal . .	24,82,180	25,83,941	25,93,267	26,33,000	27,17,000	27,92,000
4. United Provinces .	17,60,350	18,17,156	18,98,667	18,50,000	20,41,000	19,96,000
5. Punjab . . .	12,48,683	12,40,298	12,27,247	12,63,000	14,11,000	15,09,000
6. Burma . . .	16,89,550	17,25,847	16,89,601	16,66,000	18,52,000	19,08,000
7. Bihar and Orissa .	14,14,087	13,93,999	14,39,668	14,43,000	15,43,000	15,37,000
8. Central Provinces .	9,62,329	9,39,798	9,90,196	9,45,000	9,88,000	11,27,000
9. Assam . . .	5,94,072	6,05,735	6,05,354	6,16,000	6,18,000	6,38,000
Total .	1,37,16,781	1,40,31,207	1,43,75,834	1,44,35,000	1,57,75,000	1,65,05,000
TOTAL INDIA Rs	2,51,85,967	2,58,46,056	2,74,17,634	2,63,83,000	2,93,70,000	3,12,25,000
Equivalent in Sterling .	£ 1,679,065	£ 1,723,071	£ 1,827,842	£ 1,758,900	£ 1,958,000	£ 2,081,700
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc. .	301,819	331,717	373,294	361,900	439,200	428,500
2. Stores, etc., for India .	102,253	110,128	288,578	230,500	299,400	314,200
TOTAL £	404,072	441,845	661,872	592,400	738,600	742,700
GRAND TOTAL £	2,083,137	2,164,916	2,489,714	2,351,300	2,696,600	2,824,400

(*a*) *India—Imperial.*

Revised, 1919-20.

79. The expenditure in 1919-20 is likely to exceed the Budget grant by R16·47 lakhs. The rise is due to (*a*) larger expenditure on account of the secretariats (R6·55 lakhs) owing to the employment of officers on special duty in connection with constitutional reforms and other matters, partly set off by the transfer to Scientific and Miscellaneous Departments of expenditure on hydro-electric surveys, the Budget provision for which was included under this head (R2·86 lakhs), (*b*) an increase in the charges of the civil accounts department (R3·08 lakhs) owing to the introduction of a time-scale pay for establishments, (*c*) larger expenditure in the currency department in connection with the loan and the issue of treasury bills, and on account of payments made for the coinage of gold bullion into sovereigns by the Australian Mint (R3·46 lakhs), (*d*) an excess in the allowance payable to the Presidency Banks owing to growth in public debt work (R2·08 lakhs), and (*e*) increased tour charges of His Excellency the Viceroy.

Budget, 1920-21.

80. The Budget estimate for 1920-21 includes a full year's provision for the time-scale pay for civil account establishments, and special grants for the Reforms Office (R3·30 lakhs), for the charges of the headquarter and accounts staff of the Board of Industries and Munitions which will be adjusted as civil expenditure from the 1st April 1920 (R6·91 lakhs), and for the revision of pay of currency establishments (R2 lakhs). The increase due to these causes is partly set off by the omission of special items of expenditure incurred in the current year, and the total Budget estimate for 1920-21 exceeds the Revised for 1919-20 by R11·25 lakhs.

(*b*) *India—Provincial.*

Revised, 1919-20.

81. The total Revised for 1919-20 will exceed the Budget grant by R13·40 lakhs, owing generally to the employment of officers on special duty in the secretariats, the grant of increased compensation for high prices, and special expenditure in Bombay for the construction of saloons for His Excellency the

Budget, 1920-21.

Governor (R1·84 lakhs). The total Budget estimate for 1920-21 is R7·30 lakhs more than the Revised for the current year. The increase is mainly due to provision made for expenditure in connection with the Reforms Scheme in Madras (R5·50 lakhs), the Punjab (R1·50 lakhs), the Central Provinces (R1 lakh) and Bihar and Orissa (R40,000), for the construction of a new saloon for His Excellency the Governor of Bengal (R65,000) and for the secretariat revision scheme in Bombay (R1·14 lakhs). On the other hand, there will be decreases in the expenses on furniture in Madras and on sumptuary grants and saloons in Bombay.

(*c*) *England.*

Revised, 1919-20.

82. The Revised estimate for 1919-20 exceeds the Budget by £146,200. The outlay on stores supplied to India will be higher by £60,000 owing to the increased cost of currency notes and an expenditure of £8,900 arises in connection with the Reforms Bill. There will also be a rise of £77,300 in the charges of the Secretary of State's establishment, due mainly to the entertainment of additional staff for increased work, the grant of war bonuses and the

Budget, 1920-21.

cost of extra accommodation. The Budget estimate for 1920-21 does not differ materially from the Revised for the current year, an increase in the cost of currency notes being set off by a saving in establishment charges.

XVI-A and 19-A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	3,77,772	3,05,583	2,69,071	2,60,000	2,95,000	2,74,000
2. Delhi	1,56,874	1,50,649	1,91,790	1,53,000	1,72,000	1,73,000
3. Baluchistan	23,944	32,311	27,773	28,000	27,000	25,000
4. North-West Frontier	6,64,690	6,92,720	7,10,503	7,89,000	7,72,000	7,42,000
Total	12,23,280	11,81,263	11,99,137	11,80,000	12,66,000	12,14,000
Provincial.						
1. Madras	85,47,219	85,12,927	90,03,341	93,76,000	99,03,000	1,03,77,000
2. Bombay	56,15,539	57,24,837	61,63,112	63,03,000	64,50,000	66,99,000
3. Bengal	99,20,137	1,00,08,704	1,04,01,062	1,04,35,000	1,06,33,000	1,14,37,000
4. United Provinces	67,48,239	66,85,224	70,09,736	69,35,000	75,41,000	71,58,000
5. Punjab	44,95,204	44,48,490	46,21,661	48,18,000	52,64,000	54,92,000
6. Burma	50,68,388	49,19,585	48,11,295	49,82,000	51,84,000	53,53,000
7. Bihar and Orissa	41,02,172	42,62,111	42,36,165	43,30,000	46,08,000	48,00,000
8. Central Provinces	28,50,990	30,12,340	31,95,731	31,31,000	34,30,000	32,74,000
9. Assam	10,27,425	10,44,450	10,92,628	10,75,000	10,83,000	11,73,000
Total	4,83,75,363	4,86,18,668	5,05,34,731	5,18,85,000	5,40,96,000	5,62,63,000
TOTAL INDIA . R	4,95,98,643	4,97,99,931	5,17,33,918	5,30,65,000	5,53,62,000	5,74,77,000
Equivalent in Sterling £	3,306,576	3,319,995	3,448,928	3,537,700	3,690,800	3,831,800
England . . . £	450	787	536	5,800	21,500	2,600
TOTAL £	3,307,026	3,320,782	3,449,464	3,543,500	3,712,300	3,834,400

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	1,64,745	1,24,050	35,154	34,000	40,000	40,000
2. Delhi	26,284	19,897	23,419	19,000	24,000	24,000
3. Baluchistan	48,303	50,473	41,072	42,000	50,000	50,000
4. North-West Frontier	2,05,258	2,31,838	2,33,182	2,21,000	3,21,000	2,26,000
Total	4,44,590	4,26,258	3,32,827	3,16,000	4,35,000	3,40,000
Provincial.						
1. Madras	11,33,356	11,33,641	10,33,903	10,91,000	11,60,000	10,81,000
2. Bombay	8,26,303	8,98,721	9,12,607	9,50,000	10,00,000	9,80,000
3. Bengal	9,21,386	11,22,200	11,24,384	11,88,000	13,30,000	13,50,000
4. United Provinces	8,60,104	8,74,837	8,59,782	8,98,000	9,67,000	8,86,000
5. Punjab	6,90,167	6,81,485	6,53,077	6,60,000	8,08,000	7,16,000
6. Burma	6,38,635	6,20,967	6,26,130	6,21,000	7,90,000	7,78,000
7. Bihar and Orissa	3,01,846	3,66,510	3,52,221	3,85,000	3,41,000	3,77,000
8. Central Provinces	2,57,905	2,75,831	2,76,826	2,95,000	3,08,000	3,20,000
9. Assam	1,42,796	1,26,793	1,42,883	1,41,000	1,45,000	1,42,000
Total	57,77,398	61,00,985	59,81,813	62,29,000	68,49,000	66,30,000
TOTAL R	62,21,988	65,27,243	63,14,140	65,45,000	72,84,000	69,70,000
Equivalent in Sterling £	414,799	435,150	420,943	436,300	485,600	464,700

EXPENDITURE.

(*a*) *Imperial* (*including outlay in England*).

Revised, 1919-20. 83. The increase of ₹86,000 in the Revised estimate for the current year as compared with the Budget in India is due mainly to the grant of war allowances.

Budget, 1920-21. There is also an excess of £15,700 in the expenditure in England, mainly on account of the Jail Commission. The Budget estimate for 1920-21 provides for normal expenditure.

(*b*) *Provincial.*

Revised, 1919-20. 84. The Revised estimate for 1919-20 exceeds the Budget by ₹22·11 lakhs. Among the general causes of the increase to which all the provinces contribute are: (*i*) larger payment of grain compensation and war allowances (₹7·10 lakhs), and (*ii*) revision of pay of Indian Civil Service officers and funding of annuity deductions. Increases also occur in respect of fees to pleaders in the United Provinces in connection with the Katarpur riot case and in the Punjab and Bombay in connection with the recent disturbances.

Budget, 1920-21. 85. The Budget estimate for 1920-21 exceeds the Revised for the current year by ₹21·67 lakhs. The excess is shared by all provinces except the United and Central Provinces where no provision has been included under this head for grain compensation and war allowances. Provision has generally been made for the normal charges of sanctioned establishments and a sum of ₹14·80 lakhs has been set apart for these special allowances. Grants have also been allotted for the revision of pay of the Provincial Judicial Service in most provinces, for additional district courts in Madras (₹1 lakh), for an additional High Court judge, extra district judges and revision of court establishments in Bombay (₹3·13 lakhs), for two additional High Court judges in the United Provinces (₹1·14 lakhs), and for revision of pay of menial establishments in Bihar and Orissa (₹1·20 lakhs).

REVENUE.

(*a*) *Imperial.*

Revised, 1919-20. 86. The increase of ₹1·19 lakhs in the Revised estimate for the current year as compared with the Budget is due to special receipts from fines and confiscated property in the North-West Frontier province.

(*b*) *Provincial.*

Revised, 1919-20. 87. The revenue in the current year will exceed the Budget by ₹6·20 lakhs owing to a rise in magisterial fines, mainly in Madras, the United Provinces, the Punjab and Burma, and in the receipts of the Administrator-

Budget, 1920-21. General in Bengal. The Budget estimate for 1920-21 provides for normal receipts from fines in the provinces mentioned.

XVI-B and 19-B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	21,25,376	21,45,362	23,88,305	20,76,000	24,32,000	24,34,000
2. Delhi	78,315	61,938	73,965	67,000	92,000	92,000
3. Baluchistan	39,311	39,987	50,580	46,000	61,000	61,000
4. North-West Frontier	3,07,717	3,41,599	3,37,010	3,70,000	3,59,000	3,99,000
TOTAL	25,50,719	26,88,886	28,49,860	25,59,000	29,44,000	29,86,000
Provincial.						
1. Madras	15,63,198	16,70,385	21,10,324	18,28,000	25,32,000	23,45,000
2. Bombay	13,34,848	13,97,457	20,06,674	18,04,000	26,00,000	23,81,000
3. Bengal	27,96,318	30,35,129	37,82,307	30,04,000	41,00,000	40,60,000
4. United Provinces	23,27,153	23,29,290	30,63,849	27,21,000	38,26,000	28,44,000
5. Punjab	17,61,295	19,43,939	23,37,515	20,45,000	23,36,000	22,30,000
6. Burma	15,68,263	16,04,131	15,17,418	15,91,000	16,29,000	16,72,000
7. Bihar and Orissa	14,22,827	16,07,764	22,19,433	19,70,000	21,01,000	20,13,000
8. Central Provinces	6,62,816	7,28,647	8,97,994	8,21,000	9,90,000	9,40,000
9. Assam	3,06,686	3,33,765	3,42,886	3,59,000	3,50,000	3,86,000
TOTAL	1,37,43,404	1,46,50,507	1,82,83,405	1,61,48,000	2,05,04,000	1,83,71,000
TOTAL INDIA R	1,62,94,123	1,72,39,393	2,11,33,265	1,87,07,000	2,34,48,000	2,13,57,000
Equivalent in Sterling £	1,086,275	1,149,293	1,408,884	1,247,100	1,563,200	1,457,100
England £	147	28	587	...	...	...
TOTAL £	1,086,422	1,149,321	1,409,471	1,247,100	1,563,200	1,457,100

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	6,37,775	6,99,757	12,69,328	12,21,000	8,23,000	8,23,000
2. Delhi	29,090	20,815	16,617	12,000	22,000	22,000
3. Baluchistan	850	1,325	4,167	1,000	2,000	1,000
4. North-West Frontier	49,203	39,910	55,051	34,000	47,000	45,000
TOTAL	7,16,918	7,61,807	13,45,163	12,68,000	8,94,000	8,91,000
Provincial.						
1. Madras	5,69,393	7,69,942	10,96,626	7,08,000	6,50,000	6,00,000
2. Bombay	3,04,611	3,62,307	4,24,327	3,50,000	4,00,000	3,50,000
3. Bengal	12,13,040	12,01,713	14,76,874	10,01,000	17,32,000	16,02,000
4. United Provinces	3,67,714	3,95,515	7,46,607	3,52,000	4,06,000	3,60,000
5. Punjab	4,16,024	6,77,050	6,76,181	6,22,000	5,05,000	4,55,000
6. Burma	4,08,869	4,29,674	3,63,235	4,52,000	4,00,000	3,50,000
7. Bihar and Orissa	7,33,794	7,09,843	9,76,789	10,00,000	8,50,000	9,18,000
8. Central Provinces	3,05,914	2,95,064	4,59,014	3,57,000	3,03,000	3,34,000
9. Assam	94,583	92,431	1,06,051	94,000	1,19,000	1,20,000
TOTAL	44,63,947	49,33,439	63,30,754	49,36,000	58,65,000	50,39,000
TOTAL R	51,85,365	56,95,246	76,75,917	62,04,000	62,59,000	59,30,000
Equivalent in Sterling £	345,725	379,683	511,728	413,600	417,300	395,700

EXPENDITURE.

(a) *Imperial.*

Revised, 1919-20. 88. The increase of R3·85 lakhs in the Revised estimate for the current year as compared with the Budget occurs mainly under commissariat supplies and charges of the S. S. "Maharaja" in Port Blair. The Budget for 1920-21 does not differ materially from the Revised estimate for the current year.

Budget, 1920-21.

(b) *Provincial.*

Revised, 1919-20. 89. The total expenditure in 1919-20 is likely to exceed the Budget grant by the large sum of R43·56 lakhs. The excess occurs almost entirely in the ordinary charges for jails in all provinces except Assam, as the result of very high prices of foodstuffs, clothing and other articles, and in some provinces, of a larger jail population. Grain compensation and war allowances are also expected to show a rise of R1·54 lakhs, while there will be an increase of about R5 lakhs under jail manufactures in Bengal and Bombay owing to high prices of raw materials.

Budget, 1920-21. 90. The Budget for 1920-21 is less than the Revised of the current year by R16·33 lakhs. The grant is generally based on the sanctioned scales of establishments, the probable jail population and the estimated outlay on raw materials and dietary articles, the reduction in expenditure being due to the anticipation of some decline in prices. The Budget estimate in Bombay includes a grant for expenditure on the reformation of criminal tribes (R1·74 lakhs) which was hitherto classified under "3 Land Revenue".

REVENUE.

(a) *Imperial.*

Revised, 1919-20. 91. The decrease of R3·74 lakhs in the Revised estimate for the current year as compared with the Budget occurs mainly in Port Blair owing to reduced receipts from the hire of convicts and the S. S. "Maharaja". The Budget estimate for 1920-21 closely follows the Revised for 1919-20.

Budget, 1920-21.

(b) *Provincial.*

Revised, 1919-20. 92. The Revised estimate for 1919-20 exceeds the Budget by 4·29 lakhs. An increase of R7·31 lakhs in Bengal owing to the high prices realised for jail manufactures is partly set off by a decline in most of the other provinces, due to a falling off in the demand for jail-made articles from the Military Department. The Budget estimate for 1920-21 provides generally for a further decrease in the demands for jail-made articles from other departments, and is taken at R2·76 lakhs less than the Revised estimate for the current year.

Budget, 1920-21.

XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	12,62,285	13,73,134	14,95,017	14,05,000	15,41,000	15,59,000
2. Delhi	3,76,397	4,22,491	4,41,332	4,29,000	5,68,000	5,45,000
3. Baluchistan	5,91,599	6,44,656	6,37,932	7,08,000	7,60,000	7,76,000
4. North-West Frontier	22,06,427	25,71,897	26,05,248	27,51,000	39,43,000	31,90,000
Total	44,37,208	50,12,178	52,29,529	52,93,000	68,12,000	60,70,000
Provincial.						
1. Madras	1,14,74,811	1,17,33,961	1,21,14,821	1,36,51,000	1,41,26,000	1,46,89,000
2. Bombay	1,06,16,374	1,07,33,587	1,19,33,584	1,45,32,000	1,48,35,000	1,67,69,000
3. Bengal	1,16,57,283	1,26,13,287	1,32,25,406	1,36,21,000	1,43,00,000	1,50,32,000
4. United Provinces	1,25,13,156	1,25,49,942	1,33,20,228	1,34,91,000	1,44,73,000	1,39,90,000
5. Punjab	64,52,125	66,22,218	71,19,367	72,33,000	83,45,000	76,49,000
6. Burma	1,37,01,907	1,40,07,545	1,51,00,386	1,40,75,000	1,48,32,000	1,67,42,000
7. Bihar and Orissa	46,98,196	49,24,252	58,81,476	55,15,000	68,19,000	62,24,000
8. Central Provinces	34,72,855	36,33,167	39,14,477	37,97,000	43,98,000	43,08,000
9. Assam	23,33,931	23,71,725	42,98,235	38,33,000	34,65,000	27,75,000
Total	7,69,25,637	7,92,89,084	8,64,07,980	8,97,53,000	9,51,43,000	9,81,78,000
TOTAL INDIA . R	8,13,62,845	8,42,51,262	9,16,37,459	9,50,46,000	10,19,55,000	10,42,48,000
Equivalent in Sterling £	5,424,190	5,616,751	6,109,164	6,336,400	6,797,000	6,949,900
England . . £	...	336	562	3,500	3,000	2,800
TOTAL . £	5,424,190	5,617,087	6,109,726	6,339,900	6,800,000	6,952,700

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	26,110	21,538	27,143	23,000	23,000	27,000
2. Delhi	7,473	7,227	6,021	6,000	12,000	12,000
3. Baluchistan	23,610	21,905	16,678	20,000	21,000	20,000
4. North-West Frontier	24,450	42,934	17,599	44,000	1,31,000	42,000
Total	81,643	93,604	67,441	93,000	1,92,000	1,01,000
Provincial.						
1. Madras	5,19,980	5,40,124	5,50,520	5,46,000	6,03,000	5,91,000
2. Bombay	3,67,773	96,801	1,06,637	1,00,000	1,30,000	1,23,000
3. Bengal	1,83,683	1,87,154	2,53,169	2,37,000	3,40,000	3,55,000
4. United Provinces	98,835	1,15,062	1,22,357	1,42,000	1,30,000	1,37,000
5. Punjab	2,71,088	2,27,132	1,85,789	2,11,000	3,59,000	2,48,000
6. Burma	5,48,016	4,25,893	5,94,878	3,42,000	4,03,000	3,71,000
7. Bihar and Orissa	35,733	91,419	7,56,850	1,44,000	2,72,000	51,000
8. Central Provinces	43,228	39,100	20,210	18,000	20,000	20,000
9. Assam	1,74,880	1,82,385	1,28,704	96,000	1,10,000	1,03,000
Total	22,43,116	19,05,081	27,20,114	18,36,000	23,67,000	19,99,000
TOTAL . R	23,24,759	19,98,685	27,87,555	19,29,000	25,59,000	21,00,000
Equivalent in Sterling £	154,984	133,246	185,837	128,600	170,600	140,000
England . . £	54	...	...	...	...	...
TOTAL . £	155,038	133,246	185,837	128,600	170,600	140,000

EXPENDITURE.

(*a*) *Imperial* (*including outlay in England*).

Revised, 1919-20. 93. The Revised estimate for 1919-20 is more than the Budget by ₹15·11 lakhs. An increase of ₹12·16 lakhs arises from larger payments for grain compensation allowance and Afghan war concessions, and the balance is due to the creation of a new police battalion for the Peshawar city. The Budget *Budget, 1920-21.* estimate for 1920-21 is less than the Revised for the current year by ₹7·44 lakhs; a decrease under war concessions is partly set off by a lump provision (₹81,000) for the reorganisation of the frontier constabulary in the North-West Frontier province.

(*b*) *Provincial.*

Revised, 1919-20. 94. The Revised estimate for the current year is expected to be more than the Budget by ₹53·90 lakhs. The increase is distributed over all the provinces except Assam, where there is a nominal saving owing to the record as political expenditure of the cost of the Darrang battalion of the Assam Rifles for which Budget provision was included under this head. Part of the excess arises from larger expenditure on grain compensation and war allowances (about ₹16 lakhs), and there is an increase of about ₹13 lakhs in the charges for railway police. The latter is due mainly to a revised method of apportionment of these charges between Government and railways introduced with the sanction of the Secretary of State with effect from the current year, by which the cost of crime and order establishments is borne by Government and that of watch and ward establishments by the railways. Among other causes of the excess are : (*a*) higher cost of rations and clothing, (*b*) repairs to police stations in Bengal owing to damage caused by the cyclone, (*c*) the entertainment of punitive police in the Punjab (₹1·40 lakhs), and (*d*) the employment of extra force and revisions of pay in several provinces.

Budget, 1920-21. 95. The Budget estimate for 1920-21 is taken at ₹30·35 lakhs more than the Revised for the current year. It provides for the full cost of sanctioned establishments and of the various schemes of reform already introduced; and the total provision for grain compensation and war allowances amounts to ₹42½ lakhs. Among objects for which special allotments have been made may be mentioned the renting of houses for sub-inspectors and constabulary in the mofussil in Madras (₹2·75 lakhs); revision of pay of subordinate police (₹3·76 lakhs), free grant of clothing to officers of and below the rank of sub-inspector (₹2 lakhs), re-establishment of mounted police (₹1·92 lakhs), revised rates of pay and grain compensation allowance to the city police (₹2·31 lakhs), and increased pay and allowances to the European cadre of the city police (₹2·09 lakhs) in Bombay; for additional police and a contribution to the district charitable society for an alms house in Bengal; for the revision of pay of the civil police and frontier battalion in Burma (₹11·58 lakhs); and for the improvement of pay of the subordinate police in Bihar and Orissa (₹4·98 lakhs) and the Central Provinces (₹1·12 lakhs).

REVENUE.

(*a*) *Imperial.*

Revised, 1919-20. 96. The increase of ₹99,000 in the Revised estimate for the current year as compared with the Budget is due to an anticipated recovery for the police *Budget, 1920-21.* battalion located in Peshawar. The Budget for 1920-21 provides for normal receipts.

(*b*) *Provincial.*

Revised, 1919-20. 97. The Revised estimate for 1919-20 exceeds the Budget by ₹5·31 lakhs, due to increased recoveries for punitive police in the Punjab and Bihar and Orissa and to larger realisations in Bengal of fees under the motor vehicles, *Budget, 1920-21.* hackney carriage and arms acts. The Budget estimate for 1920-21 provides for a decrease in the Punjab and Bihar and Orissa as the recoveries in respect of punitive police in connection with the recent disturbances will have been completed by the end of the current year, and is ₹3·68 lakhs less than the Revised estimate for 1919-20.

XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920.	Budget, 1920-1921.
Provincial.						
1. Madras . . .	37,017	51,371	44,124	49,000	53,000	56,000
2. Bombay . .	1,23,771	1,09,834	1,23,459	1,65,000	1,43,000	1,89,000
3. Bengal . .	11,15,029	11,60,185	12,85,749	13,31,000	25,34,000	15,02,000
4. Burma . . .	16,47,334	15,55,900	17,82,514	16,80,000	18,37,000	21,00,000
5. Bihar and Orissa .	6,071	4,545	5,460	6,000	7,000	7,000
6. Assam . . .	65,756	61,340	75,803	63,000	62,000	76,000
TOTAL . R	29,95,028	29,53,175	33,22,109	32,94,000	46,36,000	39,30,000
Equivalent in Sterling £	*199,668	196,878	221,474	219,600	309,100	262,000
England . . £	...	...	...	...	500	300
TOTAL £	199,668	196,878	221,534	219,600	309,600	262,300

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Provincial.						
1. Madras . . .	1,313	410	124	1,000	1,000	1,000
2. Bombay . . .	1,62,135	1,65,828	1,73,142	2,11,000	2,11,000	2,24,000
3. Bengal . . .	12,60,964	10,06,412	12,36,651	12,64,000	13,00,000	15,50,000
4. Burma . . .	4,26,674	3,72,598	5,72,689	4,07,000	5,38,000	4,85,000
5. Assam . . .	199	204	38	...	...	...
TOTAL R	18,51,285	15,44,952	19,82,644	18,83,000	20,50,000	22,60,000
Equivalent in Sterling £	123,419	102,997	132,176	125,500	136,700	150,600

EXPENDITURE.

98. The total Revised estimate for 1919-20 exceeds the Budget by R13·50 lakhs, owing mainly to a grant of R12·75 lakhs for the improvement of the Chittagong port of which R8 lakhs are for the purchase of a dredger, and to larger payment of allowances to pilots in Bengal. The Budget estimate for 1920-21 is less by R7·09 lakhs than the Revised for the current year. The decrease due to the omission of the grant to the Chittagong port will be partly set off by provision for larger payments to pilotage establishments and for fees in connection with the Howrah bridge in Bengal (R1,15,000), the construction and purchase of new launches in Burma (R2·29 lakhs) and the revision of pay of officers of the Royal Indian Marine (R33,000).

Revised, 1919-20.

Budget, 1920-21.

REVENUE.

99. The increase of R1·67 lakhs in the revenue in 1919-20 as compared with the Budget estimate is due to a rise under coast light dues in Burma following on an improvement in sea-borne trade. The Budget estimate for 1920-21 provides for an expansion of pilotage receipts in Bengal for the same reason.

Revised, 1919-20.

Budget, 1920-21.

XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India, General	7,88,288	7,73,473	8,27,286	41,39,000	9,66,000	39,99,000
2. Delhi	1,82,753	2,04,735	2,47,908	2,80,000	2,90,000	3,19,000
3. Baluchistan	97,743	1,04,044	1,19,312	1,60,000	1,40,000	1,91,000
4. North-West Frontier	5,17,061	5,93,632	6,99,961	7,42,000	7,09,000	10,32,000
Total	15,85,845	16,75,924	18,94,317	53,21,000	21,05,000	55,41,000
Provincial.						
1. Madras	83,17,005	94,04,674	1,10,20,677	1,23,98,000	1,23,56,000	1,39,04,000
2. Bombay	76,01,831	79,95,711	1,07,65,527	1,22,06,000	1,24,60,000	1,48,30,000
3. Bengal	76,87,152	80,92,061	86,12,234	97,86,000	95,08,000	1,21,42,000
4. United Provinces	62,26,532	66,18,628	76,81,609	1,06,63,000	1,04,89,000	1,30,74,000
5. Punjab	42,78,524	44,46,821	53,55,779	60,44,000	58,57,000	75,93,000
6. Burma	30,84,334	35,22,321	43,29,143	41,92,000	41,13,000	45,89,000
7. Bihar and Orissa	36,87,173	40,31,570	44,45,117	49,95,000	49,28,000	51,70,000
8. Central Provinces	29,96,350	34,54,339	37,71,851	39,97,000	41,00,000	46,23,000
9. Assam	14,39,231	15,04,416	16,09,943	20,31,000	16,96,000	21,41,000
Total	4,53,13,132	4,90,70,536	5,74,91,885	6,78,12,000	6,55,07,000	7,81,16,000
TOTAL INDIA Rs	4,68,54,027	5,07,46,460	5,93,86,202	7,31,33,000	6,76,12,000	8,36,57,000
Equivalent in Sterling £	3,123,602	3,383,097	3,959,080	4,875,600	4,507,500	5,577,200
England £	9,346	11,577	15,446	13,000	15,600	13,000
TOTAL	3,132,948	3,394,674	3,974,526	4,888,600	4,523,100	5,590,200

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	44,464	42,471	46,296	45,000	53,000	53,000
2. Delhi	15,529	15,960	15,513	15,000	16,000	16,000
3. Baluchistan	17,847	18,611	20,771	19,000	22,000	22,000
4. North-West Frontier	1,51,370	24,357	23,275	35,000	29,000	27,000
TOTAL	2,29,210	1,02,399	1,05,855	1,14,000	1,20,000	1,18,000
Provincial.						
1. Madras	3,54,143	3,54,894	3,79,884	5,20,000	6,08,000	5,23,000
2. Bombay	5,73,245	9,50,494	5,95,323	5,98,000	5,85,000	6,05,000
3. Bengal	9,47,392	9,51,950	9,83,109	10,29,000	10,40,000	11,00,000
4. United Provinces	6,50,893	6,72,579	7,02,550	7,59,000	7,24,000	7,51,000
5. Punjab	5,23,373	5,25,067	5,33,073	5,46,000	5,36,000	5,08,000
6. Burma	3,65,741	3,73,535	3,79,374	3,85,000	3,92,000	3,91,000
7. Bihar and Orissa	3,55,634	3,70,917	3,75,996	3,85,000	3,85,000	4,00,000
8. Central Provinces	2,71,397	2,86,989	2,72,603	3,14,000	2,80,000	2,90,000
9. Assam	2,04,236	2,13,246	2,36,288	2,17,000	2,17,000	2,19,000
TOTAL	42,44,959	46,99,671	44,53,649	47,53,000	47,67,000	47,87,000
TOTAL INDIA Rs	44,74,169	48,02,070	45,64,504	48,67,000	48,87,000	49,05,000
Equivalent in Sterling £	298,278	320,138	304,300	324,500	325,800	327,000

EXPENDITURE.

(a) *Imperial—India and England.*

Revised, 1919-20.

100. The Revised estimate for 1919-20 is less than the Budget by R31·77 lakhs. There is a nominal saving of R30·04 lakhs due to allotments made to Provincial Governments out of the reserve provision of R33·07 lakhs entered in the Budget; a grant of R1·20 lakhs for the establishment of an industrial and technical school at Peshawar will not also be spent; and there will be a small lapse in the ordinary grants.

101. The reserve of R33·07 lakhs provided in the Budget for 1919-20 out of the recurring appropriation of R2,14 lakhs made from Imperial revenues up to the end of the current year for the improvement of education (inclusive of the grant of R30 lakhs for technical and agricultural education) will be utilised as follows :—

			Lakhs of R.
(*i*) Assigned to Provincial Governments for—			
	Recurring.	Non-recurring.	
Technical education	1·95	10·60	
Agricultural education	·35	14·64	
Other objects	·01	2·49	
			30·04
(*ii*) Allotted to minor administrations, etc., for—			
Technical education	·28	1·15	
Other objects	...	·55	
			1·98
(*iii*) Balance which is likely to be allotted to definite objects before the close of the year			1·05
Total			33·07

Budget, 1920-21.

102. The Budget estimate for 1920-21 exceeds the Revised for the current year by R33·97 lakhs, the increase being mainly due to a reserve provision of R30·72 lakhs representing the portion of the recurring appropriation of R2,14 lakhs that has not been allotted to definite objects. Provision has also been made in the North-West Frontier province for the establishment of an industrial and technical school at Peshawar (R1·40 lakhs) and for increased grants to local bodies and building grants (R1·37 lakhs).

103. Of the special appropriation of R2,14 lakhs (including the grant of R30 lakhs for technical and agricultural education), R1,72·27 lakhs have already been distributed among the various provinces, etc., to meet recurring expenditure. The balance of R41·73 lakhs has been allotted as follows in the Budget estimate of the ensuing year :—

		Lakhs of R.
(*i*) Assigned to Provincial Governments for—		
(*a*) non-recurring expenditure	·38	
(*b*) recurring expenditure on technical education	1·95	
(*c*) „ „ „ agricultural education	·35	
		2·68
(*ii*) Allotted to minor administrations for—		
(*a*) recurring expenditure on technical education	·28	
(*b*) other recurring expenditure	8·03	
(*c*) non-recurring expenditure	·02	
		8·33
(*iii*) Reserve		30·72
Total		41·73

(*b*) *Provincial.*

Revised, 1919-20.

104. The total expenditure in 1919-20 is expected to be R23·05 lakhs less than the Budget estimate. The latter included special allotments under this head, aggregating about R2,03 lakhs, from the recurring and non-recurring assignments made from Imperial revenues in recent years for the development and improvement of education. These allotments are expected to be utilised in full, R1,76 lakhs of the expenditure being recorded under Education and R27 lakhs under Civil Works. Under the former head, there is thus a decrease of R27 lakhs as compared with the Budget provision in the outlay from special Imperial grants; and the expenditure from other provincial resources will accordingly exceed the corresponding Budget provision by about R4 lakhs. There will be excesses of R14·56 lakhs in Bengal and R1·98 lakhs in Bihar and Orissa and lapses of R6·34 lakhs in Bombay and R3·92 lakhs in Madras in ordinary grants.

Budget, 1920-21.

105. The Budget estimate for 1920-21 exceeds the Revised for the current year by R1,26·09 lakhs. The expenditure in 1920-21 from Imperial assignments will be about R20 lakhs more than in 1919-20, the provision made in the Budget under Education amounting to R1,96 lakhs against a probable outlay of R1,76 lakhs in the current year. The provision in the Budget for 1920-21 for expenditure from ordinary provincial resources is thus about R1,06 lakhs more than in the Revised of the current year. The increase is distributed over all the provinces, but is largest in the United Provinces (R39⅓ lakhs), Bombay (R27½ lakhs), Madras (R15¾ lakhs) and the Punjab (R10⅓ lakhs). The estimates include provision for an expansion of the expenditure on education in various directions, chiefly by grants to schools. Special allotments have been made of R2·06 lakhs in Madras for the opening of additional training schools, R4 lakhs for grants to local bodies for elementary school buildings, and R1·50 lakhs for new schools for depressed classes; R25·46 lakhs in Bombay for the development of primary education, and R1·61 lakhs for the establishment and equipment of the Royal Institute of Science; R6 lakhs in Bengal for a technical institution in Calcutta; R28 lakhs in the United Provinces for contributions to district boards for the improvement of secondary vernacular education; and R4 lakhs in the Punjab for building grants to local bodies for vernacular schools, and R2 lakhs for a training institute for mechanical engineers.

106. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants given from Imperial revenues in recent years. To simplify the position, it has been assumed that the whole of the recurring grants for any year are fully utilised before any expenditure is debited against the non-recurring grants.

[In lakhs of Rupees.]

Province.	Grants to end of 1920-21.	Expenditure.					Unspent balance on 31st March 1921.
		To end of 1918-19.	In 1919-20 (Revised) recorded under		In 1920-21 (Budget) recorded under		
			Education.	Other heads.	Education.	Other heads.	
1. Madras . .	72·46	54·72	·19	2·70	·11	5·40	9·34
2. Bombay . .	68·06	15·45	3·69	2·58	2·67	11·58	32·09
3. Bengal . .	1,53·27	21·99	...	7·70	8·26	16·30	99·02
4. United Provinces .	82·31	51·45	15·08	8·36	1·35	6 07	...
5. Punjab . .	51·18	37·17	·53	1·50	7·45	1·56	2·97
6. Burma . . .	41·75	16·23	...	·31	2·98	15·61	6·62
7. Bihar and Orissa .	43 83	12·72	...	4·28	...	5·02	21·81
8. Central Provinces .	26·91	20·20	·38	·59	·48	1·40	3·91
9. Assam . .	16·20	10·44	—·69	...	...	·59	5·86
Total .	5,55·97	2,40·37	19·18	28·02	23·30	63·53	1,81·62

It will be seen that the United Provinces expect to spend by the end of 1920-21 the entire balance of the grants allotted to them. The *minus* figure against Assam in 1919-20 indicates that it will not spend its recurring grants in full in that year.

REVENUE.

(*a*) *Imperial.*

107. The figures show little variation.

(*b*) *Provincial.*

Revised, 1919-20.

108. The Revised estimate for 1919-20 does not materially differ from the Budget, a special receipt of ₹88,000 in Madras owing to the refund of unspent provincial contributions by certain private schools having been set off by minor savings in the United and the Central Provinces.

Budget, 1920-21.

The Budget estimate for 1920-21 is almost the same as the Revised estimate for the current year.

23.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	1,71,081	1,72,913	1,68,143	1,69,000	1,74,000	1,68,000
2. Delhi	14,617	16,047	16,981	19,000	23,000	23,000
3. Baluchistan	25,820	24,523	23,859	25,000	22,000	25,000
4. North-West Frontier	53,955	61,316	67,817	75,000	66,000	76,000
5. Madras	3,27,254	3,54,978	3,50,675	3,77,000	3,38,000	3,32,000
6. Bombay	3,61,023	3,75,670	3,77,867	3,92,000	3,86,000	3,95,000
7. Bengal	1,70,542	1,81,113	1,92,408	1,93,000	1,86,000	1,98,000
8. United Provinces	2,46,495	2,40,029	2,68,869	2,93,000	2,60,000	2,97,000
9. Punjab	2,44,868	2,61,735	2,76,295	2,85,000	2,54,000	2,98,000
10. Burma	1,45,878	1,35,100	1,26,643	1,48,000	1,31,000	1,62,000
11. Bihar and Orissa	34,451	39,215	37,013	43,000	40,000	41,000
12. Central Provinces	1,10,582	1,03,088	1,19,009	1,31,000	1,07,000	1,16,000
13. Assam	18,843	20,051	24,694	28,000	24,000	29,000
TOTAL INDIA ₹	19,25,359	19,85,328	20,50,273	21,83,000	20,11,000	22,10,000
Equivalent in Sterling £	128,357	132,389	136,685	145,500	134,100	147,300
England £	180	281	107	900	600	400
TOTAL £	128,537	132,670	136,792	146,400	134,700	147,700

Revised, 1919-20.

Budget, 1920-21.

109. The saving of ₹1·76 lakhs in the Revised estimate for the current year as compared with the Budget arises from vacancies in sanctioned appointments due to leave and other causes. The Budget estimate for 1920-21 provides for the sanctioned scale of expenditure.

XXA AND 24A.—MEDICAL.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	7,19,326	7,79,668	8,26,336	8,08,000	9,52,000	10,65,000
2. Delhi	1,88,659	2,06,698	2,59,329	2,64,000	2,95,000	3,11,000
3. Baluchistan	93,697	1,00,037	1,15,460	1,73,000	1,16,000	1,38,000
4. North-West Frontier	1,82,796	1,52,872	1,49,132	2,31,000	1,85,000	2,53,000
Total	11,79,478	12,39,275	13,50,257	14,76,000	15,48,000	17,67,000
Provincial.						
1. Madras	17,99,320	21,72,444	26,91,352	36,67,000	35,05,000	44,54,000
2. Bombay	19,17,471	20,34,113	25,31,495	36,17,000	35,06,000	51,39,000
3. Bengal	23,36,330	28,04,071	29,01,023	27,69,000	31,00,000	37,10,000
4. United Provinces	13,61,327	13,92,604	15,81,469	17,92,000	18,47,000	21,52,000
5. Punjab	8,03,440	9,25,806	11,67,299	17,84,000	14,29,000	21,75,000
6. Burma	16,71,342	16,94,198	18,66,558	19,25,000	20,79,000	22,69,000
7. Bihar and Orissa	6,62,846	7,60,221	9,03,601	10,04,000	10,71,000	14,38,000
8. Central Provinces	7,13,854	8,66,858	9,32,116	10,34,000	10,16,000	12,20,000
9. Assam	5,26,400	5,44,054	6,00,248	5,91,000	6,50,000	7,28,000
Total	1,17,92,830	1,31,94,369	1,51,75,166	1,81,83,000	1,82,03,000	2,32,85,000
TOTAL INDIA ₹	1,29,72,308	1,44,33,644	1,65,25,423	1,96,59,000	1,97,51,000	2,50,52,000
Equivalent in Sterling £	864,820	962,243	1,101,695	1,310,600	1,316,700	1,670,200
England £	946	553	7,842	37,500	27,100	16,600
TOTAL £	865,766	962,796	1,109,537	1,348,100	1,343,800	1,686,800

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	6,988	12,340	15,349	11,000	19,000	18,000
2. Delhi	1,241	4,808	5,159	4,000	7,000	6,000
3. Baluchistan	26	75	82	...	...	...
4. North-West Frontier	726	895	768	1,000	1,000	1,000
TOTAL	8,981	18,118	21,358	16,000	27,000	25,000
Provincial.						
1. Madras	1,42,059	1,57,224	3,36,042	2,71,000	3,19,000	3,11,000
2. Bombay	4,20,308	4,59,848	4,80,386	4,61,000	4,80,000	4,90,000
3. Bengal	3,73,618	4,00,834	4,15,812	3,96,000	4,46,000	4,75,000
4. United Provinces	95,135	1,12,291	95,995	1,04,000	1,12,000	1,00,000
5. Punjab	39,224	44,675	75,548	75,000	76,000	81,000
6. Burma	1,22,585	1,26,975	1,38,205	1,41,000	1,46,000	1,42,000
7. Bihar and Orissa	40,268	47,486	79,743	84,000	85,000	87,000
8. Central Provinces	7,960	8,733	9,908	10,000	10,000	10,000
9. Assam	6,499	13,333	8,777	10,000	12,000	10,000
TOTAL	12,47,656	13,71,399	16,40,416	15,52,000	16,80,000	17,06,000
TOTAL INDIA ₹	12,56,587	13,89,517	16,61,774	15,68,000	17,07,000	17,31,000
Equivalent in Sterling £	83,772	92,634	110,785	104,500	113,800	115,400
England £	356	292	231	300	300	300
TOTAL £	84,128	92,926	111,016	104,800	114,100	115,700

EXPENDITURE.

(*a*) *Imperial* (*India and England*).

110. The variations are unimportant; a rise in the expenditure on medical establishments in India in both the current and next years is set off by a decrease in the outlay on stores in England.

(*b*) *Provincial.*

Revised, 1919-20.

111. The expenditure in 1919-20 will not differ materially from the Budget; increased expenditure on diet and clothing for hospitals in Bengal and Burma as the result of high prices will be met from lapses in various grants in Madras, Bombay and the Punjab. The Budget estimate for 1920-21 is taken at R50·82 lakhs more than the Revised for the current year. The increase is distributed over all the provinces, but is largest in Bombay (R16·33 lakhs), Madras (R9·49 lakhs) and the Punjab (R7·46 lakhs). Provision has been made for normal charges generally; for increased expenditure in connection with the transfer of district headquarter hospitals to Government management (R2·37 lakhs), for grants to local bodies for medical buildings (R1 lakh), and for revision of pay of the provincial medical service (R2·42 lakhs) in Madras; for a special expenditure of R18·69 lakhs from the surplus excise revenue, for the establishment of a school of tropical medicine in connection with the King Edward Memorial Hospital (R1·50 lakhs), for a central hygiene laboratory (R73,000). and for the reorganisation of nursing arrangements (R2·50 lakhs) in Bombay; for the revision of pay of provincial medical service officers (R1·35 lakhs), the transfer of the medical school from Lahore to Amritsar (R1·34 lakhs), acquisition of land for, and construction of a maternity block at, the Punjab medical school for women, Ludhiana (R1 lakh), and various minor measures in the Punjab including the establishment of itinerating dispensaries; for a grant to the Belgatchia medical institute in Bengal (R4·05 lakhs); for grants to local bodies for the opening of new dispensaries in Bihar and Orissa (R3 lakhs); and for the improvement of hospitals and dispensaries in the Central Provinces (R2·50 lakhs).

Budget, 1920-21.

REVENUE.

(*a*) *Imperial.*

112. The figures show little variation.

(*b*) *Provincial.*

Revised, 1919-20.

113. The increase of R1·28 lakhs in the Revised for the current year over the Budget arises from larger receipts from college fees in Madras and Bengal and from the refund of contributions made to district boards in previous years in the former province. The Budget estimate for 1920-21 closely follows the Revised for the current year.

Budget, 1920-21.

XXB AND 24B.—SANITATION.

EXPENDITURE.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20.		Budget, 1920-21.
				Budget.	Revised.	
Imperial.						
1. India General . .	6,40,852	5,46,512	9,96,406	22,73,000	18,09,000	30,31,000
2. Delhi . . .	2,71,741	2,06,361	1,38,362	1,31,000	71,000	90,000
3. Baluchistan . .	11,652	13,637	9,448	11,000	11,000	15,000
4. North-West Frontier	2,21,002	2,25,120	1,71,819	2,17,000	2,19,000	2,18,000
Total	11,45,247	9,91,630	13,16,035	26,37,000	21,10,000	33,54,000
Provincial.						
1. Madras . . .	17,04,832	16,42,576	15,61,697	24,35,000	23,19,000	34,52,000
2. Bombay . . .	4,61,198	7,83,445	8,16,326	23,10,000	11,22,000	28,77,000
3. Bengal . . .	8,93,456	4,69,180	7,71,020	18,66,000	15,00,000	15,67,000
4. United Provinces .	13,73,996	22,45,546	19,14,786	20,71,000	23,99,000	45,20,000
5. Punjab . . .	8,08,780	9,81,300	8,06,046	10,64,000	10,12,000	12,89,000
6. Burma . . .	9,03,407	8,10,417	8,44,684	9,31,000	9,30,000	11,60,000
7. Bihar and Orissa .	2,54,466	2,41,857	3,69,750	5,89,000	4,43,000	5,73,000
8. Central Provinces .	5,90,997	7,77,524	7,87,513	6,21,000	5,98,000	9,34,000
9. Assam . . .	1,42,872	1,74,713	2,56,548	3,67,000	3,10,000	3,96,000
Total .	66,34,004	81,26,558	81,28,375	1,22,54,000	1,06,33,000	1,67,68,000
TOTAL INDIA R	77,79,251	91,18,188	94,44,410	1,48,91,000	1,27,43,000	2,01,22,000
Equivalent in Sterling £	518,617	607,879	629,627	992,700	849,500	1,341,400
England . . £	1,681	1,263	625	1,500	4,500	2,000
Total .	520,298	609,142	630,252	994,200	854,000	1,343,400

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Imperial.						
1. India General . .	1,00,087	2,31,978	1,01,644	1,67,000	2,45,000	2,47,000
TOTAL .	1,00,087	2,31,978	1,01,644	1,67,000	2,45,000	2,47,000
Provincial.						
1. Madras . . .	17,485	15,525	45,787	15,000	20,000	13,000
2. Bombay . . .	20,075	8,057	12,411	19,000	15,000	19,000
3. Bengal . . .	33,937	12,322	6,509	10,000	68,000	18,000
4. United Provinces .	40,938	41,719	46,739	33,000	33,000	34,000
5. Punjab . . .	1,16,022	1,26,843	1,61,494	1,09,000	1,33,000	1,38,000
6. Burma . . .	21,474	11,562	10,649	13,000	17,000	17,000
7. Bihar and Orissa .	13,527	16,864	17,859	16,000	25,000	20,000
8. Central Provinces .	31,553	31,419	34,139	40,000	35,000	40,000
9. Assam . . .	29,902	33,968	68,316	74,000	1,00,000	70,000
TOTAL .	3,74,913	2,98,279	4,03,953	3,29,000	4,46,000	3,69,000
TOTAL INDIA R	4,75,000	5,30,257	5,05,597	4,96,000	6,91,000	6,16,000
Equivalent in sterling £	31,667	35,351	33,706	33,100	46,000	41,000

EXPENDITURE.

(*a*) *Imperial*—(*India and England*).

Revised, 1919-20.

114. The Revised estimate for 1919-20 is less than the Budget by R4·82 lakhs. There is a saving of R7·35 lakhs in the reserve provision of R8·17 lakhs entered in the Budget for sanitary expenditure, due to the allotment of R4 lakhs for the Dhar housing scheme in Simla, the expenditure on which will be recorded under "45—Civil Works," and to the assignment to Provincial Governments of R3·35 lakhs. The Budget grant of R5 lakhs for a new Public Health Fund is also expected to be utilised in the current year to the extent of only R41,000. On the other hand, contributions to the Indian Research Fund aggregating R6·50 lakhs, which were deferred during the war, have been paid in the current year.

115. The reserve of R8·17 lakhs provided in the Budget for 1919-20 out of the recurring appropriation of R51 lakhs from Imperial revenues for the improvement of sanitation will be utilised as shown below:—

[Lakhs of rupees.]

(*i*) Assigned to Provincial Governments for non-recurring outlay as follows:—		
(*a*) to Bihar and Orissa for Puri water works and sanitation	3·00	
(*b*) to Madras for manufacture of anti-influenza vaccine	·35	
		3·35
(*ii*) Allotted to minor administrations for non-recurring sanitary outlay		·82
(*iii*) Transferred to "45—Civil Works—Imperial" for the Dhar housing scheme, Simla		4·00
TOTAL		8·17

Budget, 1920-21.

116. The Budget estimate for 1920-21 exceeds the Revised for the current year by R12·06 lakhs. Provision has been made as in the current year's Budget for a contribution of R5 lakhs towards a Public Health Fund; and for a reserve of R7·57 lakhs.

During the war, a sum of R7·50 lakhs out of the special annual appropriation of R51 lakhs was temporarily resumed on the understanding that it would be made available for expenditure on the return of normal conditions. This sum will be devoted to the inauguration of an all-India Medical Research Institute during the next year, and the necessary provision has been included in the Budget estimate.

117. Out of the special appropriation of R51 lakhs referred to above, R37·83 lakhs have been assigned permanently to Provincial Governments or allotted for outlay in minor administrations. From the balance of R13·17 lakhs, R5 lakhs will be paid in 1920-21 to the Indian Research Fund; R60,000 will be set off against an additional grant of that amount sanctioned in 1919-20 for the Dhar housing scheme; and R7·57 lakhs will be held in reserve to meet demands that may come forward during the ensuing year.

(*b*) *Provincial.*

Revised, 1919-20.

118. The Revised estimate for 1919-20 is less than the Budget by R16·21 lakhs. The latter included special allotments aggregating about R54 lakhs for outlay from recurring and non-recurring grants made from Imperial revenues for the development of sanitation. The corresponding expenditure is now estimated at R50 lakhs inclusive of expenditure from the assignments made during the current year as stated above. Of this amount, R34 lakhs only are recorded under Sanitation, the balance being shown under Civil Works. It is therefore expected that the provision for expenditure from ordinary provincial resources will exceed Budget anticipations by R3½ lakhs. Increased grants for sanitary purposes in Bengal and the United Provinces have been largely set off by lapses in Bombay and Madras.

119. The Budget estimate for 1920-21 exceeds the Revised for the current year by R61·35 lakhs. The provision under Sanitation for expenditure from special Imperial grants amounts to about R60 lakhs against a probable expenditure of R34 lakhs in the current year. Provision has generally been made for the full cost of sanctioned establishments as well as for a considerable expansion of outlay on sanitary schemes. Among special items of expenditure included in the Budget may be mentioned a grant of R9 lakhs to the Madras Corporation for water-supply and drainage schemes, and R2 lakhs towards the Simla Improvement scheme; special grants to local bodies for sanitary purposes in Bombay (R22 lakhs) and Madras (R6½ lakhs); an allotment of R1 lakh for the drainage board in the Punjab; and grants amounting to R30 lakhs to improvement trusts in the United Provinces. A lump provision of R8·98 lakhs has also been made in Bengal for expenditure on sanitary objects. *Budget, 1920-21.*

120. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants made from Imperial revenues in recent years (beginning from 1911-12) in aid of sanitation. To simplify the position, it has been assumed that the recurring grants are fully utilised before any expenditure is debited against the non-recurring grants.

[In lakhs of rupees.]

Province.	Grants to end of 1920-21.	Expenditure.					Unspent balance on 31st March 1921.
		To end of 1918-19.	In 1919-20 (Revised) recorded under		In 1920-21 (Budget) recorded under		
			Sanitation.	Other heads.	Sanitation.	Other heads.	
Madras . . .	41·60	41·25	·35	...	...	...	...
Bombay . . .	39·70	6·62	—1·19	...	5·00	...	29·27
Bengal . . .	41·55	6·56	...	8·05	6·93	...	20·01
United Provinces .	55·20	40·81	4·65	·35	9·39	...	...
Punjab . . .	31·84	21·51	...	...	...	. .	10·33
Burma . . .	21·50	11·31	...	...	...	10·19	...
Bihar and Orissa .	21·82	12·19	...	2·94	...	...	6·69
Central Provinces .	17·10	14·25	·56	·20	2·09.	...	...
Assam . . .	6·96	6·28	...	·67	...	·01	...
Total .	2,77·27	1,60·78	4·37	12·21	23·41	10·20	66·30

It will be seen that five provinces expect to utilise the unspent balances of the non-recurring grants in full before the close of the next year. The *minus* figure against Bombay in 1919-20 indicates that the recurring grants will not be spent in full in that year.

Revenue.

(*a*) *Imperial.*

121. Larger sales of serum at the Central Research Institute account for the increase of R78,000 in the Revised over the Budget estimate for the current year. *Revised, 1919-20.*

(*b*) *Provincial.*

122. The increase of R1·17 lakhs in the Revised estimate for the current year as compared with the Budget is mainly due to an anonymous contribution of R50,000 for anti-malarial research in Bengal and to higher receipts from sales of quinine and vaccine serum in the Punjab and Assam. The Budget for 1920-21 provides for normal receipts. *Revised, 1919-20.* *Budget, 1920-21.*

25—POLITICAL.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-19.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	83,08,451	1,90,89,273	2,72,98,642	1,40,08,000	1,87,42,000	1,52,02,000
2. Delhi	880	1,735	1,531	1,000	4,000	1,000
3. Baluchistan	31,91,018	28,29,574	30,08,493	31,19,000	30,56,000	32,83,000
4. North-West Frontier	37,09,366	46,50,458	48,42,184	49,11,000	50,23,000	49,31,000
5. Punjab	6,15,273	5,91,287	7,24,540	5,91,000	6,39,000	6,00,000
6. Other Provinces	6,42,728	8,26,321	7,69,488	7,90,000	8,25,000	7,33,000
TOTAL	1,64,67,716	2,79,88,648	3,66,44,878	2,34,20,000	2,82,92,000	2,47,50,000
Provincial.						
1. Madras	91,967	89,292	91,873	92,000	98,000	94,000
2. Bombay	5,01,663	5,36,978	5,69,805	5,55,000	6,05,000	6,23,000
3. Bengal	89,280	2,79,727	2,87,038	2,70,000	43,000	46,000
4. United Provinces	5,790	7,690	28,789	78,000	86,000	78,000
5. Burma	10,94,813	12,24,969	12,60,796	16,13,000	12,93,000	16,82,000
6. Bihar and Orissa	48,925	59,248	55,110	78,000	88,000	84,000
7. Central Provinces	37,605	33,100	38,948	40,000	42,000	43,000
8. Assam	5,67,560	5,32,735	5,09,765	3,98,000	6,42,000	7,43,000
TOTAL	24,37,703	27,63,713	28,42,124	31,24,000	28,97,000	33,93,000
TOTAL INDIA . R	1,89,05,419	3,07,52,361	3,94,87,002	2,65,44,000	3,11,89,000	2,81,43,000
Equivalent in Sterling £	1,260,361	2,050,157	2,632,467	1,769,600	2,079,300	1,876,200
England . . . £	22,082	42,112	21,402	14,200	68,800	30,200
TOTAL . £	1,282,443	2,092,269	2,653,869	1,783,800	2,148,100	1,906,400

123. The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden and certain other expenditure—mainly in connection with political refugees and state prisoners—in several provinces.

(*a*) *Imperial—India and England.*

Revised, 1919-20.

124. The expenditure in 1919-20 is likely to exceed the Budget estimate by R5·91 lakhs. The latter included a provision of R37·50 lakhs for the moiety chargeable to Indian revenues of the cost of the South Persia Rifles, and the Indian share is now estimated at R90 lakhs. There will also be an excess of about R15 lakhs under other special political expenditure in Persia and on the frontier, but it will be largely set off by a saving in subsidy payments.

Budget, 1920-21.

125. The total Budget for 1920-21 is less than the Revised for the current year by R41·21 lakhs. The Indian share of the cost of the South Persia Rifles during the next year is estimated at the same figure as in the current year (R90 lakhs), but there will be a decrease of about R40 lakhs in the special political expenditure in Persia, the Budget provision for which amounts to R5 lakhs only.

(*b*) *Provincial.*

Revised, 1919-20.

126. The saving of R2·27 lakhs in the Revised estimate for the current year as compared with the Budget occurs in the special expenditure in connection with the administration and proper control of the North-East frontier, mainly in Burma. A nominal saving in Bengal due to the transfer to the Miscellaneous head of expenditure on political detenus (R2·27 lakhs) is more than set off by an increase in Assam (R2·97 lakhs) owing to the record under this head of the charges of the Darrang battalion of the Assam Rifles instead of under Police.

Budget, 1920-21.

The Budget estimate for 1920-21 is R4·96 lakhs more than the Revised for the current year, owing to increased provision for the administration of the North-East frontier in Burma and Assam.

XXI A. AND 26 A.—AGRICULTURE.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	8,33,341	10,74,147	11,26,421	11,70,000	12,48,000	13,12,000
2. Delhi	10,861	14,572	17,314	18,000	22,000	23,000
3. Baluchistan	25,784	35,100	38,345	52,000	57,000	87,000
4. North-West Frontier	61,023	70,017	81,221	1,38,000	1,12,000	1,44,000
TOTAL	9,31,689	11,93,836	12,63,301	13,78,000	14,39,000	20,66,000
Provincial.						
1. Madras	12,70,524	12,87,441	15,56,055	20,97,000	19,12,000	26,75,000
2. Bombay	12,00,166	14,68,330	15,55,006	22,85,000	21,10,000	29,31,000
3. Bengal	10,86,600	11,71,522	14,26,033	17,48,000	17,25,000	21,15,000
4. United Provinces	11,90,354	14,48,422	17,53,523	19,28,000	19,08,000	27,00,000
5. Punjab	12,41,220	13,62,967	15,84,219	26,87,000	22,58,000	29,08,000
6. Burma	6,35,179	7,52,034	8,59,686	8,08,000	8,37,000	13,42,000
7. Bihar and Orissa	4,52,239	6,01,247	6,29,765	7,58,000	7,01,000	9,51,000
8. Central Provinces	8,34,255	8,81,336	9,38,160	10,68,000	10,66,000	14,44,000
9. Assam	2,92,892	3,32,134	3,11,273	4,32,000	3,82,000	5,01,000
TOTAL	81,83,429	93,00,503	1,10,13,720	1,38,11,000	1,28,99,000	1,75,01,000
TOTAL INDIA . R	91,15,018	1,04,94,339	1,22,86,921	1,51,84,000	1,43,38,000	1,95,76,000
Equivalent in Sterling £	607,668	699,623	819,128	1,012,200	955,800	1,305,000
England . . . £	3,947	2,510	3,974	5,400	3,200	10,200
TOTAL . £	611,615	702,133	823,102	1,017,600	959,000	1,315,200

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	1,77,036	2,72,508	6,01,269	2,77,000	4,30,000	4,21,000
2. Baluchistan	4,252	4,678	2,72	4,000	8,000	10,000
3. North-West Frontier	772	8,042	7,260	11,000	11,000	11,000
TOTAL	1,82,060	2,85,228	6,11,201	2,92,000	4,39,000	4,42,000
Provincial.						
1. Madras	1,98,249	1,83,771	2,49,893	3,74,000	3,13,000	3,73,000
2. Bombay	1,78,517	2,27,901	2,36,849	2,08,000	3,68,000	2,85,000
3. Bengal	1,16,197	1,21,456	1,67,583	1,85,000	1,85,000	2,55,000
4. United Provinces	2,42,510	2,73,357	2,63,763	2,89,000	2,86,000	2,96,000
5. Punjab	2,50,060	3,31,633	7,01,139	7,93,000	8,25,000	8,30,000
6. Burma	24,733	17,798	20,562	20,000	22,000	18,000
7. Bihar and Orissa	31,486	34,126	69,197	60,000	75,000	75,000
8. Central Provinces	1,27,100	1,37,539	1,57,599	1,64,000	2,15,000	2,35,000
9. Assam	15,669	38,778	13,665	91,000	25,000	46,000
TOTAL	11,84,611	13,71,564	19,80,250	21,84,000	23,04,000	24,09,000
TOTAL INDIA . R	13,66,671	16,56,787	25,41,541	24,76,000	27,43,000	28,51,000
Equivalent in sterling £	91,111	110,452	169,436	165,100	182,900	190,100

EXPENDITURE.

(a) *Imperial (India and England).*

Revised, 1919-20. 127. The Revised estimate for 1919-20 is about the same as the Budget, an increase in the expenditure of the Veterinary Department being set off by savings under other items. *Budget, 1920-21.* The Budget for 1920-21 is more than the Revised for the current year by R7·32 lakhs. Provision has been made for an institute of plant industry (R2·50 lakhs), for the development of cattle-breeding (R1 lakh), for a central seed supply station and central cotton committee (R1 lakh), and for increased expenditure in other directions under the control of the Agricultural Adviser to the Government of India.

(b) *Provincial.*

Revised, 1919-20. 128. The total Revised estimate for 1919-20 is less than the Budget by R9·12 lakhs. Transfers to other heads of Budget provision included under this head account for a decrease of R2·05 lakhs, and the balance is due to lapses in various grants in the Punjab, Madras and Bombay.

Budget, 1920-21. 129. The Budget estimate for 1920-21 exceeds the Revised for the current year by R46·11 lakhs. Increased allotments have been made in all the provinces for the expansion of the operations of the agricultural and allied departments, and in particular for increased outlay on experimental farms and revision of pay of agricultural officers. The Budget includes provision for strengthening the staff of the co-operative (R1·99 lakhs) and agricultural departments and for cotton cultivation and farms (R2·76 lakhs) in Madras, for the reclamation of ravines and the purchase of machinery in the United Provinces (R1·29 lakhs), and the extension of the Lyallpur agricultural station in the Punjab (R2·75 lakhs).

REVENUE.

(a) *Imperial.*

Revised, 1919-20. 130. The increase of R1·47 lakhs in the Revised for the current year as compared with the Budget occurs mainly in the receipts of the Veterinary Department. *Budget, 1920-21.* The Budget for 1920-21 does not differ materially from the Revised for the current year.

(b) *Provincial.*

Revised, 1919-20. 131. The Revised estimate for the current year is more than the Budget by R1·20 lakhs. Increases in Bombay and the Central Provinces due to larger sales of agricultural produce and in the Punjab owing to the sale of cattle and donkeys to Java are partly set off by smaller receipts from the sale of manure to ryots in Madras and from the sugarcane experimental farm in Assam. *Budget, 1920-21.* The Budget for 1920-21 exceeds the Revised for the current year by R1·05 lakhs, increased receipts from the sale of agricultural produce in several provinces being partly set off by a decrease in Bombay where the receipts have been specially high in the current year.

XXI B AND 26 B.—SCIENTIFIC AND MISCELLANEOUS DEPARTMENTS.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	34,89,886	40,95,714	39,63,992	41,81,000	62,99,000	74,38,000
2. Delhi	3,659	3,908	3,852	1,000	4,000	51,000
3. Baluchistan	12,507	12,347	16,315	34,000	33,000	31,000
4. North-West Frontier	16,052	11,478	22,831	12,000	15,000	15,000
5. Other Provinces	35,899	34,766	40,126	43,000	1,84,000	6,24,000
TOTAL	35,57,953	41,58,213	40,52,116	42,21,000	65,35,000	81,59,000
Provincial.						
1. Madras	12,28,215	13,77,863	17,73,470	22,93,000	19,20,000	22,71,000
2. Bombay	1,64,418	2,88,654	4,57,125	9,30,000	6,25,000	11,37,000
3. Bengal	4,69,606	5,55,255	25,47,719	10,63,000	9,15,000	10,79,000
4. United Provinces	1,13,013	1,52,149	1,99,290	2,06,000	2,91,000	2,58,000
5. Punjab	1,48,452	1,39,951	1,68,711	2,07,000	2,63,000	3,94,000
6. Burma	99,953	92,008	1,08,023	1,12,000	1,35,000	1,86,000
7. Bihar and Orissa	28,732	41,067	70,949	1,06,000	2,06,000	1,28,000
8. Central Provinces	93,969	1,55,593	2,48,326	3,52,000	3,58,000	3,33,000
9. Assam	77,020	84,237	1,14,026	95,000	1,28,000	1,19,000
TOTAL	24,23,378	28,81,777	56,88,229	53,66,000	48,33,000	59,05,000
TOTAL INDIA Rs.	59,81,331	70,39,990	97,40,345	95,87,000	1,13,68,000	1,40,64,000
Equivalent in Sterling £	398,756	469,333	649,357	639,100	757,900	937,600
England (mainly stores) £	40,424	43,367	30,874	29,900	42,700	36,800
TOTAL £	439,180	512,700	680,231	669,000	800,600	974,400

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	1,09,082	1,09,129	2,26,181	1,03,000	2,11,000	4,34,000
2. Delhi	2,384	6,019	5,748	5,000	13,000	10,000
3. Baluchistan	24	145	47	...	...	...
4. North-West Frontier	468	155	249	...	...	...
TOTAL	1,11,958	1,15,448	2,32,225	1,08,000	2,24,000	4,44,000
Provincial.						
1. Madras	13,85,311	13,71,495	15,60,130	19,56,000	17,39,000	16,13,000
2. Bombay	38,875	1,47,847	1,12,276	1,22,000	2,00,000	1,35,000
3. Bengal	12,60,469	20,35,397	13,64,422	10,32,000	13,00,000	12,60,000
4. United Provinces	21,645	23,059	16,452	24,000	22,000	22,000
5. Punjab	30,676	28,985	29,606	32,000	31,000	31,000
6. Burma	29,912	4,507	7,693	7,000	7,000	7,000
7. Bihar and Orissa	1,442	1,067	1,106	1,000	3,000	1,77,000
8. Central Provinces	24,792	34,699	43,208	40,000	50,000	55,000
9. Assam	17,966	9,246	8,412	7,000	23,000	12,000
TOTAL	33,11,099	47,56,301	31,43,457	32,99,000	39,25,000	33,13,000
TOTAL INDIA Rs.	29,23,047	48,71,749	33,75,682	33,77,000	41,49,000	37,56,000
Equivalent in Sterling £	194,870	324,783	225,046	225,100	276,600	250,400
England £	673	638	614	900	1,800	1,300
TOTAL £	195,543	325,421	225,660	226,000	278,400	251,700

Details of expenditure shown against "Imperial" in the preceding table.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
(a) Scientific—						
i. Survey of India	18,13,854	22,74,499	19,54,127	19,84,000	21,84,000	31,00,000
ii. Geological Survey	1,73,234	2,30,072	2,74,902	2,63,000	2,87,000	3,56,000
iii. Meteorological Survey	4,31,307	4,15,858	4,15,618	4,38,000	4,46,000	4,71,000
iv. Archæological Survey	3,17,591	3,42,928	3,48,727	3,26,000	3,57,000	3,58,000
v. Zoological Survey	46,480	98,343	94,458	1,06,000	1,13,000	1,09,000
vi. Central Museum	93,010	43,590	46,277	46,000	47,000	50,000
vii. Hydro-Electric Survey	...	...	24,130	...	2,63,000	7,17,000
viii. Other items	70,676	77,786	86,098	78,000	1,27,000	1,82,000
(b) Labour and Emigration—						
Emigration and other charges	17,178	20,209	3,567	11,000	31,000	31,000
(c) Statistics—						
i. Bureau of Commercial Intelligence and other charges	1,98,551	2,06,894	2,12,158	2,15,000	2,32,000	2,65,000
ii. Census	2,121	2,439	2,150	22,000	22,000	5,52,000
(d) Industries.						
i. Metallurgical Institute, Test House, and Acetone Factory.	...	...	...	...	...	8,83,000
ii. Industrial development	...	...	...	...	...	1,21,000
(e) Miscellaneous—						
i. Imperial Library	45,639	59,572	47,861	57,000	57,000	50,000
ii. Examinations	47,602	48,339	50,772	48,000	50,000	56,000
iii. Chief Inspector of Explosives	82,777	80,235	86,462	80,000	82,000	85,000
v. Inspector of Mines	1,23,471	1,29,984	1,26,681	1,27,000	1,23,000	1,56,000
v. Controller of Patents	40,384	39,101	40,169	41,000	46,000	39,000
vi. Actuary to Government of India	24,519	23,666	23,202	30,000	28,000	30,000
vii. Wheat Commissioner	...	...	...	50,000	82,000	...
viii. Foodstuffs Commissioner	...	...	...	94,000	1,56,000	52,000
ix. Controller of Cotton Cloth	...	...	...	90,000	90,000	...
x. Indian War Memorial	...	...	20,417	44,000	28,000	16,000
xi. Java Quinine	...	...	...	...	16,33,000	...
xii. Civil Aviation	...	...	...	...	...	5,00,000
xiii. Other items	29,559	65,195	1,94,340	71,000	1,01,000	30,000
TOTAL R	35,57,953	41,58,213	40,52,116	42,21,000	65,35,000	81,59,000

132. The figures of expenditure shown against "Other Provinces" in the table on the preceding page represent outlay incurred in the several provinces in connection with hydro-electric survey and census operations, as well as the cost of the Archæological Department in Burma.

EXPENDITURE.

(a) *Imperial—India and England.*

133. The total expenditure in 1919-20 will exceed the Budget by R25·06 lakhs. The increase is due to the purchase of quinine to accumulate a reserve in order to meet deficiencies in stock (R16 33 lakhs); the adjustment under this head of expenditure on hydro-electric surveys, the Budget provision for which was included under "18—General Administration" (R2·63 lakhs); a larger programme of operations of the Survey of India department owing to the return of officers from military service (R1·50 lakhs); increased charges for the Foodstuffs and Wheat Commissioners (R94,000); and larger expenditure in England, mainly on stores (R1·92 lakhs). The Budget estimate for 1920-21 exceeds the Revised for the current year by R15·36 lakhs. The special expenditure anticipated in 1919-20 on the purchase of quinine has been omitted but provision has been made for a normal programme of operations in the Survey of India (R9·66 lakhs), the expenditure in recent years having been affected by war restrictions on expenditure, the deputation of officers on military duty, and the employment of survey parties on work for the Military Department; for the cost of census operations (R5·52 lakhs); for the development of civil aviation (R5 lakhs); for larger expenditure on hydro-electric surveys (R1·54 lakhs); and for expenditure under the control of the Board of Industries and Munitions which will be brought to account as civil expenditure from the 1st April 1920 (R10·04 lakhs), inclusive of R1·21 lakhs for industrial development.

Revised, 1919-20.

Budget, 1920-21.

(b) *Provincial.*

134. The total Revised estimate for 1919-20 will be less than the Budget grant by R5·33 lakhs. Savings in Madras (R3·73 lakhs), Bombay (R3·05 lakhs) and Bengal (R1·53 lakhs) owing to the non-utilisation of provision for soap-making experiments, the purchase of a trawler and other expenditure are partly set off by excesses under other items, mainly in the charges of the Director of Civil Supplies and the Controller of Cotton Cloth in Bihar and Orissa. The Budget estimate for 1920-21 provides for an increased expenditure of R10·72 lakhs as compared with the Revised for 1919-20. Provision has generally been made for large expenditure on the development of industries, the total provision for all provinces during the next year amounting to R33 lakhs against an anticipated expenditure of R18 lakhs in the current year.

Revised, 1919-20.

Budget, 1920-21.

REVENUE.

(a) *Imperial.*

135. The Revised estimate for the current year includes some special receipts for the Survey of India, and the Budget for 1920-21 recoveries in respect of offices subordinate to the Board of Industries and Munitions which will be brought to account as civil revenue with effect from the 1st April 1920 (R2·70 lakhs).

Revised, 1919-20.

Budget, 1920-21.

(b) *Provincial.*

136. The Revised estimate for the current year exceeds the Budget by R6·56 lakhs owing to large receipts in Bombay and Bengal from the flotation of new companies and in the latter province also as the result of heavy demands for quinine in connection with the frontier operations. The Budget estimate for 1920-21 assumes a decrease of revenue in these provinces, but includes a receipt of R1·75 lakhs in Bihar and Orissa from profit on cloth transactions. The total Budget is less than the current year's Revised by R6·13 lakhs.

Revised, 1919-20.

Budget, 1920-21.

27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Imperial.						
1. India General .	1,04,826	1,09,792	1,08,087	1,08,000	1,10,000	1,22,000
2. Delhi . . .	45,402	45,090	44,340	49,000	44,000	43,000
3. Baluchistan . .	40,088	36,500	49,344	38,000	40,000	38,000
4. North-West Frontier	59,933	41,313	77,775	60,000	57,000	60,000
5. Madras . . .	3,08,126	2,90,101	2,75,777	2,82,000	2,93,000	2,90,000
6. Bombay . .	4,64,510	4,35,993	4,67,280	4,59,000	4,82,000	4,63,000
7. Bengal . . .	7,25,551	7,12,113	6,93,011	7,12,000	6,64,000	6,62,000
8. United Provinces .	7,89,295	7,35,097	7,47,412	7,84,000	7,30,000	7,68,000
9. Punjab . . .	70 686	69,061	69,325	70,000	68,000	70,000
10. Burma . .	1,23,034	1,22,079	1,26,482	1,63,000	1,67,000	1,69,000
11. Bihar and Orissa .	47,415	73,749	55,317	53,000	52,000	53,000
12. Central Provinces .	1,74,837	1,69,089	1,70,124	1,76,000	1,72,000	1,72,000
13. Assam . . .	7,570	7,124	8,301	8,000	8,000	8,000
TOTAL INDIA . R	29,61,273	28,47,651	28,93,525	29,62,000	28,97,000	29,23,000
Equivalent in Sterling £	197,418	189,843	192,902	197,500	193,500	194,900
England . £	10,550	10,430	—7,678	3,400	17,000	11,100
TOTAL . £	207,968	200,273	185,224	200,900	209,500	206,000

137. The variations are unimportant.

28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
India . . . R	23,642	29,427	52,525	35,000	76,000	43,000
Equivalent in Sterling £	1,509	1,962	3,501	2,300	5,000	3,200
England . . £	251,007	180,502	137,408	300,000	600,000	1,100,000
TOTAL . £	252,516	182,464	140,909	302,300	605,000	1,103,200

138. Almost the whole of the expenditure recorded under this head is incurred in England. Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

139. The Revised estimate for 1919-20 exceeds the Budget by £302,700; the increase is the result of the favourable leave rules recently promulgated and of the rise in the sterling value of the rupee. The Budget estimate for 1920-21 provides for a further increase in expenditure amounting to £498,200, partly for the above reasons and partly owing to the transfer to this head of the leave allowances of officers of the Public Works Department which were recorded hitherto under Civil Works.

Revised, 1919-20.

Budget, 1920-21.

XXII AND 29.—SUPERANNUATION.

EXPENDITURE.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	Budget, 1920-21.
Imperial.						
1. India General	12,48,756	12,89,369	13,28,011	13,35,000	14,01,000	12,82,000
2. Delhi	2,05,131	2,26,072	2,22,793	2,23,000	2,55,000	2,55,000
3. Baluchistan	35,870	34,268	33,363	34,000	35,000	35,000
4. North-West Frontier	1,76,962	1,80,022	1,96,915	2,06,000	2,03,000	1,99,000
5. Other Provinces	94,401	1,21,184	1,82,709	1,49,000	2,09,000	1,79,000
TOTAL	17,61,120	18,50,915	19,63,791	19,47,000	21,03,000	19,50,000
Provincial.						
1. Madras	33,22,796	33,32,808	36,14,428	37,00,000	36,78,000	37,35,000
2. Bombay	39,32,784	41,19,102	43,24,125	45,43,000	44,49,000	46,21,000
3. Bengal	33,01,098	33,75,972	34,96,064	35,47,000	37,77,000	40,22,000
4. United Provinces	37,47,233	38,61,053	39,20,339	41,37,000	40,36,000	42,52,000
5. Punjab	24,24,463	25,78,163	25,90,597	27,11,000	25,76,000	26,59,000
6. Burma	11,42,758	12,02,207	14,41,352	14,62,000	15,40,000	16,33,000
7. Bihar and Orissa	10,08,155	9,91,821	10,39,198	10,55,000	10,95,000	10,94,000
8. Central Provinces	10,30,669	11,14,168	10,59,604	11,45,000	11,10,000	11,12,000
9. Assam	3,41,042	3,22,740	3,37,995	3,54,000	4,10,000	3,75,000
TOTAL	2,02,50,998	2,08,98,034	2,18,23,702	2,26,54,000	2,26,71,000	2,35,03,000
TOTAL INDIA ₹	2,20,12,118	2,27,48,949	2,37,87,493	2,46,01,000	2,47,74,000	2,54,53,000
Equivalent in Sterling £	1,467,475	1,516,597	1,585,833	1,640,100	1,651,600	1,696,900
England £	2,008,225	1,968,596	1,939,367	1,978,000	2,063,000	2,302,000
TOTAL £	3,475,700	3,485,193	3,525,200	3,618,100	3,714,600	3,998,900

REVENUE.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	3,91,438	3,48,186	3,61,201	3,73,000	3,42,000	3,48,000
2. Delhi	3,645	2,004	4,036	5,000	5,000	5,000
3. Baluchistan	4,798	7,585	7,812	7,000	9,000	8,000
4. North-West Frontier	26,956	26,182	30,290	26,000	32,000	32,000
5. Other Provinces	10,30,325	10,49,345	9,26,666	10,41,000	8,66,000	9,32,000
TOTAL	14,57,162	14,33,204	13,30,604	14,52,000	12,54,000	13,25,000
Provincial.						
1. Madras	1,26,996	1,25,990	1,80,222	1,47,000	1,95,000	1,51,000
2. Bombay	4,59,312	4,79,686	5,77,299	5,20,000	7,20,000	7,20,000
3. Bengal	59,011	57,369	64,756	58,000	64,000	60,000
4. United Provinces	1,06,055	1,06,633	94,036	1,02,000	89,000	1,00,000
5. Punjab	89,572	86,359	84,811	85,000	86,000	86,000
6. Burma	23,704	23,885	18,810	24,000	18,000	19,000
7. Bihar and Orissa	40,058	45,138	48,214	48,000	48,000	45,000
8. Central Provinces	2,32,931	2,55,024	2,90,932	2,96,000	3,14,000	3,40,000
9. Assam	5,877	4,741	4,324	5,000	10,000	10,000
TOTAL	11,43,516	11,84,825	13,64,004	12,85,000	15,44,000	15,31,000
TOTAL INDIA ₹	26,00,678	26,18,729	26,94,608	27,37,000	27,98,000	28,56,000
Equivalent in Sterling £	173,379	174,582	179,641	182,500	186,500	190,400
England £	46,486	38,074	37,506	41,400	43,700	43,700
TOTAL £	219,865	212,656	217,147	223,900	230,200	234,100

140. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

(*a*) *Imperial—India and England.*

141. The Revised estimate for 1919-20 exceeds the Budget by R14·31 lakhs and the Budget estimate for 1920-21 provides for a further increase in expenditure of R34·32 lakhs. The rise is due mainly to the enhanced rates of pension recently sanctioned and to the higher sterling value of the rupee. *Revised, 1919-20.* *Budget, 1920-21.*

(*b*) *Provincial.*

142. The Revised estimate for 1919-20 does not differ materially from the Budget, a rise in payments in Bengal, Burma, Assam and Bihar and Orissa being set off by lapses in other provinces. The Budget estimate for 1920-21 provides for the normal growth of the retired list and for the enhanced rates of pension referred to above. *Revised, 1919-20.* *Budget, 1920-21.*

REVENUE.

(*a*) *Imperial.*

143. The decrease of R1·63 lakhs in the Revised estimate for the current year as compared with the Budget is due to the lower rate of subscriptions towards the Indian Civil Service family pensions in consequence of the rise in the exchange value of the rupee. The Budget for 1920-21 does not differ materially from the current year's Revised. *Revised, 1919-20.* *Budget, 1920-21.*

(*b*) *Provincial.*

144. The Revised estimate for the current year exceeds the Budget by R2·59 lakhs owing to increased recoveries in respect of pensionary contributions for local board and municipal teachers in Bombay. The Budget for 1920-21 closely follows the Revised estimate for the current year. *Revised, 1919-20.* *Budget, 1920-21.*

XXIII AND 30.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. Central Stationery Office	2,58,897	2,75,817	3,09,049	3,04,000	2,99,000	3,27,000
2. Stationery purchased for Central stores.	54,16,264	86,06,211	1,03,25,411	78,64,000	1,04,14,000	88,64,000
3. Government Presses (mainly Calcutta, Simla and Delhi)	21,05,774	22,53,829	23,55,991	26,92,000	33,05,000	32,77,000
4. Other charges	7,257	4,646	20,422	8,000	8,000	8,000
5. *Deduct*—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Department, etc.	—50,71,168	—66,07,505	—67,44,941	—71,81,000	—78,02,000	—73,52,000
6. Delhi	14,167	14,168	13,747	16,000	23,000	23,000
7. Baluchistan	1,792	815	1,397	3,000	2,000	2,000
8. North-West Frontier	1,19,722	1,07,436	1,30,623	1,38,000	1,38,000	1,61,000
TOTAL	28,52,705	46,55,417	69,11,699	38,44,000	63,87,000	53,10,000
Provincial.						
1. Madras	12,91,963	14,42,990	13,32,509	14,84,000	14,74,000	14,99,000
2. Bombay	14,71,781	14,86,227	17,70,988	19,37,000	19,07,000	19,80,000
3. Bengal	12,91,585	13,73,722	13,73,668	14,93,000	16,30,000	16,02,000
4. United Provinces	9,10,169	8,60,949	10,10,581	9,16,000	11,82,000	11,54,000
5. Punjab	7,02,966	7,10,822	8,45,263	8,96,000	9,24,000	9,46,000
6. Burma	6,75 068	6,29,582	7,49,543	9,06,000	9,34,000	9,23,000
7. Bihar and Orissa	6,59,629	6,98,350	5,99,699	6,68,000	6,88,000	7,10,000
8. Central Provinces	3,37,940	4,03,803	3,77,279	3,90,000	4,43,000	4,10,000
9. Assam	1,64,963	1,49,484	1,43,310	1,85,000	1,73,000	1,82,000
TOTAL	75,06,064	77,05,379	82,11,840	89,25,000	93,55,000	94,06,000
TOTAL INDIA ₹	1,03,58,769	1,23,60,796	1,51,23,539	1,27,69,000	1,57,42,000	1,47,16,000
Equivalent in Sterling £	690,584	824,053	1,008,236	851,300	1,049,500	981,000
England { Stores £	109,933	119,5 0	93,582	125,000	150,000	120,000
England { Other charges £	6,521	8,572	7,918	13,300	16,000	14,500
TOTAL £	807,038	952,205	1,109,736	989,600	1,215,500	1,115,500

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General	4,39,243	3,66,379	6,51,392	4,90,000	7,16,000	7,52,000
2. Delhi	2,804	10,789	10,652	10,000	10,000	10,000
3. Baluchistan	144	823	1,085	...	2,000	1,000
4. North-West Frontier	23,759	13,882	15,389	13,000	17,000	16,000
5. Other Provinces	1,48,612	99,052	1,30,957	1,47,000	1,30,000	1,43,000
TOTAL	6,14,562	4,90,925	8,09,975	6,60,000	8,76,000	9,22,000
Provincial.						
1. Madras	1,23,057	1,68,068	1,58,270	1,42,000	1,49,000	1,36,000
2. Bombay	1,47,989	1,96,409	1,97,009	2,00,000	2,00,000	1,90,000
3. Bengal	1,49,799	1,40,097	1,72,803	1,49,000	2,00,000	2,05,000
4. United Provinces	1,57,624	1,69,672	1,98,897	1,71,000	3,07,000	2,76,000
5. Punjab	1,13,076	1,00,493	1,01,015	92,000	1,04,000	1,05,000
6. Burma	46,962	51,949	57,604	54,000	72,000	66,000
7. Bihar and Orissa	26,913	39,292	40,699	38,000	43,000	43,000
8. Central Provinces	55,990	49,243	63,476	57,000	61,000	68,000
9. Assam	4,534	4,593	5,620	5,000	8,000	7,000
TOTAL	8,25,944	9,19,816	9,95,393	9,08,000	11,44,000	10,96,000
TOTAL INDIA ₹	14,40,506	14,10,741	18,05,368	15,68,000	20,19,000	20,18,000
Equivalent in Sterling £	96,034	94,049	120,358	104,500	134,600	134,500

EXPENDITURE.

(*a*) *Imperial—India and England.*

145. The total Imperial expenditure in 1919-20, exclusive of the charges of the commercial departments, is likely to exceed the Budget provision by R29·58 lakhs. The rise is due mainly to a larger purchase of stationery to meet an increased demand and higher prices, and an excess in the outlay on the Government presses following on additional printing work and the grant of increased war allowances to establishments. Part of the excess arises also from an increased payment for stores purchased in England. The Budget estimate for 1920-21 provides for a reduction of the expenditure on stationery. *Revised, 1919-20.* *Budget, 1920-21.*

(*b*) *Provincial.*

146. The Revised estimate for 1919-20 exceeds the Budget by R4·30 lakhs, the increase occurring mainly in the cost of stationery supplied from central stores and of Government presses in Bengal and the United Provinces. The Budget estimate for 1920-21 provides for sanctioned establishments and for about the same outlay on stationery as in the current year, and does not differ materially from the Revised. *Revised, 1919-20.* *Budget, 1920-21.*

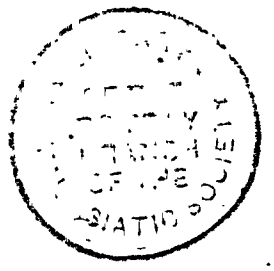
REVENUE.

(*a*) *Imperial.*

147. The Imperial revenue shown against "Other Provinces" represents recovery of the value of stationery supplied to railways and to municipalities and other local bodies. The Revised estimate of Imperial revenue for 1919-20 exceeds the Budget by R2·15 lakhs owing to increased receipts for stationery supplies. The Budget for 1920-21 closely follows the current year's Revised. *Revised, 1919-20.* *Budget, 1920-21.*

(*b*) *Provincial.*

148. The increase of R2·36 lakhs in the Revised estimate for the current year over the Budget is due to receipts from the *United Provinces Journal* and the sale of publications discontinued during the war in Bengal. The Budget for 1920-21 does not differ materially from the Revised estimate for the current year. *Revised, 1919-20.* *Budget, 1920-21.*



XXIV AND 31.—EXCHANGE.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20.		Budget, 1920-21.
				Budget.	Revised.	
Revenue . . ₹	16,70,564	4,71,77,799	7,25,16,177	1,60,00,000	...	6,00,00,000
Equivalent in Sterling £	111,371	3,145,186	4,834,412	1,066,700	...	4,000,000
Expenditure . . ₹	...	...	...	...	...	...
Equivalent in Sterling £	...	...	...	...	...	...

149. This head used to record the comparatively small sums which had to be brought to account owing to the fact that the remittances from India to England by means of Council bills and transfers, and the remittances in the opposite direction by sterling bills and transfers, were not effected exactly at the rate of 16 pence to the rupee. It may be mentioned that any gain or loss derived from remittances on account of the Gold Standard Reserve is creditable or chargeable, as the case may be, to the reserve and not to general revenues.

150. The sterling value of the rupee has been rising since 1917-18 and stood at 1*s.* 6*d.* when the Budget estimates for the current year were framed. It subsequently rose to 1*s.* 8*d.* in May 1919, to 1*s.* 10*d.* in August, 2*s* in September, 2*s.* 2*d.* in November and 2*s.* 4*d.* in December. In consequence of the acceptance by the Secretary of State for India of the recommendations of the Indian Exchange and Currency Committee, the value of the rupee in sterling fluctuates now in correspondence to variations in the dollar-sterling exchange and stands at present at above 2*s.* 7*d.* though some weeks ago it stood at over 2*s.* 10*d.* Our accounts and estimates have up to now, however, been prepared on the basis of the 1*s.* 4*d.* rate for the conversion of rupee transactions into sterling and *vice versâ*; and this results in considerable sums being brought to account as gain in respect of transactions involving a remittance of funds to the Secretary of State and as loss in respect of transactions in the opposite direction.

It may be explained that the gain or loss thus shown in the Government of India accounts is exhibited in this way merely because of the fact that these accounts are still framed on the basis of a 1*s.* 4*d.* rupee. The real effect of higher rates of exchange on the Government of India's position is that it enables them to discharge their sterling liabilities with a smaller number of rupees; this would be apparent if the accounts were prepared on a rupee basis, the sterling transactions being converted into rupees at the average rate at which remittances were effected throughout the year.

151. Large quantities of silver have been purchased in recent years for coinage purposes and the purchase has continued in the current year though to a small extent. At the prices which have ruled for some years, the coinage of rupees from market purchases involves a loss to Government. A loss also arises in respect of the purchases of gold which the Secretary of State has been making in the current year for remittance to India by reason of the premium at which gold stands in relation to sterling, the gold content of a sovereign being no longer obtainable for a pound sterling. As gold continues to be brought to account in India at the rate of ₹15 for the gold content of a sovereign, the effect of the premium mentioned is that the number of rupees at which a consignment of gold is valued in our accounts falls short of the rupee equivalent (at ₹15 per £) of the sterling price paid for the gold. *Per contra*, a gain accrues in respect of gold compulsorily acquired by Government on import into India under the provisions of the Gold Import Act, 1917, inasmuch as the fixed rates at which the gold is taken over by Government are less than the 15 rupee rate at which it is valued for the purpose of our accounts. In regard, again, to the fortnightly sales of gold bullion which are now being made, the accounts will record a profit so long as the price per tola of fine gold is more than ₹23-14-4, and a loss when the price is less than this figure. As

these gains and losses arise from the same causes that have led to the rise in the exchange value of the rupee, it has been decided to treat the gains as additions to, and the losses as deductions from, the exchange gain realised on remittance transactions.

152. The following statement shows the details of the net receipts from exchange anticipated in the current year :—

	(In lakhs of rupees.)
(*i*) Gain on sales of Council bills	12,29
(*ii*) Gain on war disbursements in India recoverable from His Majesty's Government	28,78
	41,07
(*iii*) Loss on sales of reverse Councils	18,38
(*iv*) Net loss on gold purchases, acquisitions and sales .	6,23
(*v*) Loss on rupee coinage	4,48
(*vi*) Net loss on miscellaneous transactions . . .	17
	29,26
Net gain .	11,81

153. It has been decided in consultation with the Secretary of State that the railway, irrigation and Delhi capital accounts should receive the benefit of the favourable exchange rates at which the funds required for capital outlay in England are now remitted there. A sum of ₹7,31 lakhs out of the gain of ₹11,81 lakhs will accordingly be credited to the capital account. The balance of ₹4,50 lakhs will be credited to a suspense head to be applied in due course to meeting the deficiency which will arise in the rupee value of sterling securities and gold held in the Paper Currency Reserve when these are valued at the new rate of 2*s.* to the rupee which the Secretary of State has decided to adopt with effect from the 1st April 1920 for the conversion of rupee transactions into sterling and *vice versâ*.

154. On the assumption that the rupee sterling exchange will stand during the next year at an average of 2*s.* 6*d.* per rupee, the exchange gain on remittance transactions in 1920-21 is estimated at ₹30,85 lakhs, of which ₹24,50 lakhs will accrue in respect of recoveries from His Majesty's Government of disbursements made in India on their behalf. A sum of ₹12,85 lakhs out of the gain will be credited to the capital account and ₹12,00 lakhs to the suspense head mentioned above for meeting the deficiency which will arise in the Paper Currency Reserve on revaluation, the balance of ₹6,00 lakhs being credited to revenue.

XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. Remittance charges, mainly in connection with movements of Government funds	8,64,201	17,82,899	11,50,838	9,15,000	8,71,000	7,99,000
2. Special Commissions of enquiry	3,02,976	3,78,096	6,06,997	60,000	9,74,000*	4,93,000*
3. Charges arising out of the War adjusted in the Civil Department	17,65,720	7,69,105	9,02,757	5,27,000	5,67,000	1,40,000
4. Other charges:						
(*a*) in Delhi	63,041	61,627	75,538	1,04,000	2,90,000	4,02,000
(*b*) in the N.-W. Frontier Province	40,978	40,661	56,619	51,000	1,87,000	9,47,000
(*c*) elsewhere	7,65,777	16,58,538	16,92,615	14,20,000	11,21,000	55,98,000
Total	38,02,693	46,90,926	44,85,364	30,77,000	40,10,000	83,79,000
Provincial.						
1. Madras	4,29,201	5,53,060	4,90,860	16,00,000	7,47,000	13,80,000
2. Bombay	4,51,138	4,86,872	16,62,412	11,13,000	9,20,000	12,32,000
3. Bengal	2,47,836	3,24,679	6,94,265	9,34,000	5,88,000	24,45,000
4. United Provinces	2,35,345	1,96,703	7,10,652	29,32,000	5,15,000	58,98,000
5. Punjab	5,26,596	15,19,738	19,55,376	24,72,000	20,41,000	66,43,000
6. Burma	4,93,191	4,36,406	4,73,662	4,98,000	5,85,000	5,38,000
7. Bihar and Orissa	1,35,589	1,84,277	1,86,641	5,56,000	3,01,000	15,87,000
8. Central Provinces	1,31,932	1,94,373	2,52,397	13,27,000	1,78,000	29,03,000
9. Assam	5,16,300	4,40,341	4,34,123	5,20,000	4,91,000	10,37,000
Total	31,67,128	43,36,949	68,60,388	1,19,52,000	63,66,000	2,36,63,000
TOTAL INDIA . R	69,69,821	90,27,875	1,13,45,752	1,50,29,000	1,03,76,000	3,20,42,000
Equivalent in Sterling £	464,655	601,858	756,383	1,001,900	691,700	2,136,100
England . . £	206,395	496,714	575,324	26,300	61,900	55,000
TOTAL £	671,050	1,098,572	1,331,707	1,028,200	753,600	2,191,100

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
(*a*) Freight tax	...	1,00,36,189	1,05,10,136	1,12,32,000	96,25,000	1,06,25,000
(*b*) Other receipts—						
1. India General	7,63,302	37,76,627	78,98,347	9,50,000	53,04,000	9,56,000
2. Delhi	3,45,231	47,335	37,734	1,07,000	6,54,000	4,16,000
3. Baluchistan	7,292	13,269	10,464	6,000	7,000	6,000
4. North-West Frontier	1,53,413	1,60,456	1,35,800	1,51,000	1,28,000	1,30,000
5. Other Provinces	17,02,425	13,37,372	11,94,009	6,92,000	18,20,000	12,33,000
TOTAL	29,96,668	1,53,72,248	1,98,36,490	1,31,38,000	1,75,38,000	1,33,66,000
Provincial.						
1. Madras	3,43,096	2,02,330	2,63,429	2,64,000	2,61,000	2,76,000
2. Bombay	2,42,862	2,55,030	2,13,365	2,16,000	2,75,000	2,03,000
3. Bengal	7,51,242	5,65,563	6,07,227	6,99,000	6,50,000	6,70,000
4. United Provinces	4,59,889	4,78,846	5,02,376	4,88,000	5,06,000	4,87,000
5. Punjab	5,29,774	7,07,362	10,05,519	7,43,000	8,58,000	8,59,000
6. Burma	1,00,464	1,21,156	1,31,159	1,02,000	4,96,000	1,00,91,000
7. Bihar and Orissa	3,07,033	3,37,192	1,98,328	3,00,000	2,84,000	2,84,000
8. Central Provinces	2,48,738	2,34,362	2,35,654	1,93,000	2,69,000	2,35,000
9. Assam	54,311	21,331	37,391	36,000	32,000	34,000
TOTAL	30,37,459	29,24,222	31,99,448	30,41,000	36,31,000	1,31,39,000
TOTAL INDIA . R	60,34,127	1,82,96,470	2,30,35,938	1,61,79,000	2,11,69,000	2,65,05,000
Equivalent in Sterlin £	402,275	1,219,765	1,535,729	1,078,600	1,411,300	1,767,000
England . . £	17,985	196,700	20,812	83,700	86,700	141,200
TOTAL . £	420,260	1,416,465	1,556,541	1,162,300	1,498,000	1,908,200

* Distributed as follows :—

	Revised. R	Budget. R
Jail Committee	1,42,000	1,08,000
Chemical Services Committee	54,000	50,000
Disorders Enquiry Committee	2,18,000	20,000
Sugar Committee	1,75,000	2,00,000
Financial Relations Committee	45,000	15,000
Stores Purchase Committee	1,17,000	90,000
Other Committees	2,23,000	10,000
Total	9,74,000	4,93,000

155. Charges in connection with the remittance of Government treasure are Imperial in all provinces; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. Extraordinary items of revenue realised, or of expenditure incurred, under this head in the various provinces are also treated as Imperial, if they exceed ₹10,000 in amount. The proceeds of the freight tax on goods traffic by railways and inland steam vessels imposed in March 1917 are shown under Miscellaneous as Imperial receipts.

EXPENDITURE.

(*a*) *India—Imperial.*

Revised, 1919-20.

156. The Revised estimate for 1919-20 exceeds the Budget by ₹9·33 lakhs. An expenditure of ₹9·74 lakhs will be incurred on special commissions of enquiry against the Budget provision of ₹60,000. There will be special charges of ₹1·50 lakhs for loss by exchange on local transactions in the minor administrations, of ₹1·47 lakhs in the North-West Frontier province in connection with a write-off and peace celebrations, and of ₹2·35 lakhs for a contribution in Delhi. On the other hand, the bulk of the reserve provision of ₹1·21 lakhs for grain compensation allowance and unforeseen charges in Baluchistan and Delhi, which was provided in the Budget under Miscellaneous, has been appropriated to meet sanctioned outlay under other heads of account.

Budget, 1920-21.

157. The Budget estimate for 1920-21 provides for miscellaneous expenditure resulting from the war likely to be incurred in the ensuing year, mainly for the maintenance of aliens and refugees; for the necessary outlay on the commissions of enquiry already appointed; and for normal expenditure on other items. A provision of ₹40 lakhs has been made for the expenses connected with the visit to India of His Royal Highness the Prince of Wales. A general reserve of ₹10 lakhs has been entered for unforeseen requirements; also a similar one of ₹50,000 for Delhi, and a reserve of ₹71,000 for grain compensation allowance in Baluchistan. A grant of ₹9 lakhs has also been allotted for the revision of pay of non-gazetted civil establishments in the North-West Frontier Province.

(*b*) *India—Provincial.*

Revised, 1919-20

158. The Revised estimate for 1919-20 is less than the Budget by ₹55·86 lakhs. The decrease is mainly due to the record under other heads of account of most of the expenditure incurred against the lump grants for grain compensation allowance, and against the various other reserves which were included in the Budget estimates of several provinces under Miscellaneous. On the other hand, extra expenditure amounting to ₹5·71 lakhs has been incurred in connection with the peace celebrations.

Budget, 1920-21.

159. The Budget estimate for 1920-21 exceeds the Revised estimate for the current year by ₹1,63·97 lakhs. It provides generally for normal charges and for the usual reserves for unforeseen expenditure in most provinces. Lump allotments have also been made for the revision of pay of establishments, for grain compensation and war allowances and for other special expenditure, the details of these lump and reserve provisions being as follows:—

Madras—₹7 lakhs for a reserve.

Bombay—₹1 lakh for a reserve and ₹1·69 lakhs for grants to local bodies in connection with the abolition of tolls on their roads.

Bengal—₹10 lakhs for increasing the pay of menials, ₹4 lakhs for grain compensation allowance, ₹1 lakh for war allowance, ₹1·50 lakhs in connection with the introduction of the new constitution and ₹4 lakhs for a reserve.

United Provinces—₹35 lakhs for the revision of pay of clerical and menial establishments, ₹15 lakhs for grain compensation allowance and ₹5 lakhs for a reserve.

Punjab—R35 lakhs for a temporary allowance to non-gazetted establishments, R6 lakhs for the liberalisation of travelling allowance rules, R1·50 lakhs for increase of camel and horse allowances and R5 lakhs for a reserve.

Bihar and Orissa—R11·50 lakhs for allowance to non-gazetted staff pending revision of pay, R1·50 lakhs for preparing the electoral rolls for the reformed council and R50,000 for a reserve.

Central Provinces—R17·43 lakhs for revision of ministerial and menial establishments and R8·50 lakhs for continuance of war allowances.

Assam—R5 lakhs for revision of establishments.

(c) *England.*

Revised, 1919-20. *Budget, 1920-21.*

160. The increase in the Revised estimate of the current year as compared with the Budget represents expenditure incurred in connection with various committees and the Secretariat of the League of Nations. The Budget estimate for 1920-21 also provides for a payment on the latter account.

REVENUE.

(a) *India—Imperial.*

Revised, 1919-20. *Budget, 1920-21.*

161. The Revised estimate for 1919-20 exceeds the Budget by R44 lakhs. The proceeds of the freight tax will be less by R16·07 lakhs, but there will be special receipts of R21 lakhs from requisitioned liners employed as Government cargo ships, R23 lakhs from the profits of the wheat scheme and of R15·71 lakhs from the sale of town sites, lands and houses in the Punjab and Delhi. The Budget estimate for 1920-21 excludes the special receipts in the current year, but provides for a growth of R10 lakhs in the proceeds of the freight tax.

(b) *India—Provincial.*

Revised, 1919-20. *Budget, 1920-21.*

162. The total revenue in 1919-20 is likely to exceed the Budget estimate by R5·90 lakhs. There have been special receipts of R4·05 lakhs in Burma in connection with the write-back to the military estimates of the cost of re-armaments of certain military police battalions, and R1 lakh in the Punjab for compensation for damage caused to Government buildings during the recent disturbances. The Budget estimate for 1920-21 includes a credit of R1 crore to the provincial revenues of Burma from the profits of the rice control scheme and provides for normal receipts in other respects.

(c) *England.*

Revised, 1919-20. *Budget, 1920-21.*

163. The Revised estimate for 1919-20 does not differ materially from the Budget. The Budget estimate for 1920-21 omits a special receipt of £60,000 expected in the current year, but includes £120,000 for a contribution from His Majesty's Treasury for the administrative expenses of the India office in accordance with the provisions of the Government of India Act, 1919.

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1916-17.	Accounts, 1917-1 .	Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	Budget, 1920-21.
INDIA.						
Famine Relief { Imperial	21,11,427	42,476	34,68,869	1,62,05,000	99,83,000	2,19,000
Famine Relief { Provincial .	7,02,827	14,000	11,47,645	53,31,000	33,03,000	73,000
Construction of Protective Railways . .	—7,146	—299	—286	...	...	...
Construction of Protective Irrigation Works	49,37,016	51,44,401	46,84,645	52,88,000	53,90,000	51,18,000
Reduction or Avoidance of Debt . . .	71,88,879	97,77,096	56,85,032	...	...	93,08,000
TOTAL INDIA R	1,49,83,003	1,49,77,674	1,49,85,905	2,68,24,000	1,86,76,000	1,47,18,000
Equivalent in Sterling £	998,867	998,511	999,060	1,788,300	1,245,100	981,200
ENGLAND.						
Construction of Protective Irrigation Works £	1,133	1,489	940	800	3,000	18,800
TOTAL INDIA AND ENGLAND . £	1,000,000	1,000,000	1,000,000	1,789,100	1,248,100	1,000,000

Famine Relief.

Revised, 1919-20.

164. The outlay on measures for famine relief in the current year is expected to amount to R1,32·86 lakhs against a Budget provision of R2,15·36 lakhs. The following table shows the distribution of the estimated expenditure by provinces :—

(In lakhs of rupees.)

	Budget, 1919-20.	Revised, 1919-20.
Madras	2·00	38·55
Bombay	60·00	47·23
Bengal	2·00	12·60
United Provinces	89·90	10·60
Punjab	4·00	·30
Burma	...	·50
Bihar and Orissa	16·00	7·80
Central Provinces	39·30	14·41
Assam	...	·16
Minor Administrations	2·16	·71
	2,15·36	1,32·86

One quarter of the outlay in the major provinces will fall on Provincial Governments, the balance being borne by Imperial revenues. The expenditure in the Punjab relates to concessions granted for the carriage of fodder, while that in Assam and part of the outlay in Bengal were necessitated by distress caused by cyclone.

165. Inclusive of R54·35 lakhs expected to be spent on protective works, the total expenditure chargeable to Famine Relief and Insurance in 1919-20 amounts to R1,87·21 lakhs and no allotment can be made for the reduction or avoidance of debt.

Budget, 1920-21.

166. A small outlay of R2·92 lakhs is anticipated on relief measures in 1920-21, while R54 lakhs will be spent on protective works. The balance of R93·08 lakhs will be appropriated for the reduction or avoidance of debt.

Construction of Protective Irrigation Works.

Revised, 1919-20. 167. In the Budget estimate for 1919-20 an allotment of ₹53 lakhs was made for outlay on Protective Irrigation works, the whole amount being charged to the Famine Insurance head. The probable expenditure according to the Revised estimate will amount to ₹54·35 lakhs. The entire outlay will be recorded in the Famine Relief and Insurance section of the accounts.

Budget, 1920-21. 168. In the Budget estimate for 1920-21, the allotment for Protective Irrigation works is taken at ₹54 lakhs, the whole amount being met from the Famine Insurance grant. The distribution of the grant of ₹54 lakhs is given in the table below :—

	1919-20.		Budget, 1920-21.
	Budget.	Revised.	
1. Madras :	₹	₹	₹
(*i*) Mopad project	1,55,000	1,58,000	1,24,000
(*ii*) Other projects	7,000	14,000	12,000
2. Bombay :			
(*i*) Godaveri Canal	19,000	20,000	38,000
(*ii*) Chankapur Tank	13,000	13,000	38,000
(*iii*) Pravara river project	7,90,000	7,81,000	8,99,000
(*iv*) Nira Right Bank Canal	19,99,000	24,85,000	20,53,000
(*v*) Other projects, etc.	1,79,000	66,000	2,72,000
3. Bengal	2,000	2,000	1,000
4. United Provinces :			
(*i*) Barwar Lake and Canal	81,000	99,000	1,38,000
(*ii*) Ghaggar Canal	38,000	24,000	21,000
(*iii*) Jaiwanti Tank	1.24,000	29,000	57,000
(*iv*) Bhatkhara Tank	2,25,000	1,00,000	93,000
(*v*) Raipura Tank	1,42,000	4,000	86,000
(*vi*) Dasan Canal	1,000	96,000	4,000
(*vii*) Bela Sagar Lake	...	...	99,000
(*viii*) Other projects, etc.	1,22,000	56,000	68,000
5. Bihar :			
(*i*) Tribeni Canal	1,87,000	1,49,000	1,40,000
(*ii*) Other projects, etc.	10,000	3,000	...
6. Central Provinces :			
(*i*) Tandula Canal	7,40,000	8,00,000	5,18,000
(*ii*) Tank projects	5,51,000	5,28,000	7,38,000
(*iii*) Other projects, etc.	9,000	1,000	1,92,000
7. Minor administrations	9,000	7,000	9,000
Deduct—Allowance for possible lapses in grants	—93,000	...	—2,00,000
TOTAL	53,00,000	54,35,000	54,00,000

XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	Budget, 1920-21.
STATE RAILWAYS—	₹	₹	₹	₹	₹	₹
Gross Receipts	62,94,69,001	68,92,12,825	76,25,69,919	80,07,29,000	79,32,29,000	84,97,29,000
Deduct—						
Working Expenses	29,96,36,445	31,35,30,926	37,07,66,782	46,40,00,000	45,20,00,000	50,06,00,000
Surplus profits paid to Companies, etc.	1,15,56,624	1,49,16,062	1,89,63,551	1,84,00,000	2,05,69,000	1,60,00,000
Net Receipts	31,82,25,932	36,07,15,837	37,28,39,586	31,83,29,000	32,06,60,000	32,41,29,000
Net Revenue equivalent at ₹15=£1	£ 21,215,062	£ 24,047,723	£ 24,855,972	£ 21,221,900	£ 21,377,300	£ 21,608,600
Interest and capital redemption charges—						
Interest on Debt	7,660,850	8,057,209	8,200,717	8,455,200	8,572,700	9,135,700
Annuities in purchase of Railways	3,357,650	3,357,623	3,357,595	3,357,600	3,357,600	3,357,600
Sinking Funds	323,647	333,477	242,886	255,500	255,500	270,400
Interest chargeable against Companies on advances	98,472	98,272	100,436	103,400	101,600	102,500
Interest on Capital deposited by Companies	2,225,940	2,263,676	2,176,675	2,166,500	2,172,100	2,210,400
	13,666,559	14,110,257	14,078,359	14,338,200	14,459,500	15,076,600
Net Result	7,548,503	9,937,466	10,777,613	6,883,700	6,917,800	6,532,000
Other Receipts	98,735	93,985	106,267	151,000	230,000	166,100
Other Charges	165,363	117,127	315,783	130,700	130,700	207,500
Net Result	—66,628	—23,142	—209,516	20,300	99,300	—41,400
TOTAL NET RESULT	7,481,875	9,914,324	10,568,097	6,904,000	7,017,100	6,490,600
Redemption of capital from revenue	961,160	994,013	1,028,026	1,063,242	1,063,242	1,099,705
STATISTICS—						
State Railways—						
Capital Expenditure to March 31st—						
Expenditure by Government*	239,446,931	243,517,608	248,380,465	264,203,108	257,560,065	270,840,765
Expenditure by Companies	28,900,629	27,353,523	27,155,537	29,287,123	27,423,437	29,297,637
Outlay on the East Indian Railway from Debentures raised by the Company	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847
Outlay on the South Indian Railway by the Company	3,309,060	3,309,060	3,309,060	3,309,060	3,235,460	3,235,460
Outlay on the Bombay, Baroda and Central India Railway by the Company	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364
Outlay on the Great Indian Peninsula Railway by the Company	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158
TOTAL	294,549,989	297,073,560	301,238,431	319,192,660	311,112,331	325,767,231
Miles open on the 1st April	26,433	26,572	26,464	26,491	26,617	26,477

*The figures against this line include contribution by the Jaipur Darbar towards Capital outlay on the Nagda-Muttra Railway, as follows:—

£	£	£	£	£	£
466,667	566,667	566,667	566,667	566,667	566,667

169. The Gross Receipts and Working Expenses of State Railways include the following figures on account of the Jorhat State Railway in Assam. This is the only line the transactions of which are recorded in the Provincial section of the accounts :—

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	Budget, 1919-20.	Revised, 1919-20.	Budget, 1920-21.
	R	R	R	R	R	R
Gross Receipts	1,65,389	1,36,724	1,21,535	1,50,000	1,42,000	1,50,000
Working Expenses	1,01,641	1,28,412	1,17,079	1,30,000	1,37,000	1,55,000

Revised, 1919-20.

Gross Receipts.

170. The Budget estimate of Gross Receipts for 1919-20 was taken at R80 crores, or R3·45 crores more than the probable receipts of the previous year as then estimated. It was based on the assumption that in spite of the diminution of military traffic and the effect of adverse agricultural prospects in several provinces, the steady growth of railway earnings would continue. The year's earnings, however, have been adversely affected by the disturbances in the Punjab and the consequent restrictions imposed on traffic, and the Revised estimate is now placed at R79·25 crores or R75 lakhs less than the Budget estimate. The figures in the Revised and Budget estimates of gross receipts as shewn in the table on the preceding page include a repayment to the Secretary of State in England by the Mysore Durbar of R7·20 lakhs on account of interest on the Debenture loan of 1886 relating to the Mysore State Railway.

Working Expenses.

171. The Revised estimate of Working Expenses for 1919-20 stands at R45·20 crores or R1·20 crores less than the Budget estimate. The decrease is attributable mainly to gain by exchange creditable to the railway revenue account in respect of home stores issued for revenue expenditure.

Surplus Profits.

172. The increase of R21·69 lakhs in the provision for payment of surplus profits to companies is due partly to larger net earnings of some railways in the last quarter of last year than provided for in the Revised Estimate of that year upon which the Budget Estimates of surplus profits for the current year were based, and partly to the payment in the current year to the Jaipur Darbar of arrears of net earnings of the Nagda Muttra Railway resulting from the adoption with retrospective effect of revised terms for calculating the share of net earnings payable to the Darbar.

Budget, 1920-21.

Gross Receipts.

173. The Budget estimate of Gross Receipts for 1920-21 is taken at R84 crores, or R4·75 crores higher than the Revised estimate of the current year. It is anticipated that the ordinary passenger traffic will show a further large improvement next year owing to the favourable agricultural prospects of the country, the greater spending power of the people, and the provision by railways of larger train services. It is also expected that goods traffic will materially develop owing to expansion of the trade of the country. Allowance has been made for a decrease in earnings on account of diminution in military traffic.

Working Expenses.

174. The Budget grant for Working Expenses in 1920-21 is more than the Revised for the current year by R4·86 crores. The increase is due mainly to the provision made for a very large programme of renewals of permanent way and of renewals and heavy repairs of locomotives and rolling-stock all of which are necessary to make good arrears which have accumulated as a result of the restriction of expenditure during the period of the war owing to the financial stringency and to the impossibility of obtaining the requisite material. Provision has also been made for additional operating expenditure due to the increased traffic anticipated and also for increased establishment charges. The increase would have been greater but for the fact that the English stores that will be issued to revenue during next year will be brought to account at a higher rate of exchange for the rupee than in the current year.

Surplus Profits.

175. Under Surplus Profits paid to companies there is a decrease of R45·69 lakhs. The decrease is attributable principally to the fact that under the revised terms of the contract with the East Indian Railway Company, the share of surplus profits payable to the Company will be smaller. It is also due to the

probable net earnings of some railways in 1919-20, on which the share of surplus profits payable to companies in 1920-21 will be calculated, being smaller than those of 1918-19 which formed the basis for the calculation of surplus profits paid in the current year.

Interest Charges, etc.

176. The excess under Interest on debt is explained in paragraph 67.

Other receipts.

177. The receipts shown under this head represent the Government share of the surplus profits of the Rohilkund and Kumaon, Southern Punjab, Amritsar-Patti and Hardwar-Dehra Railways, payable under the terms of their respective contracts, and dividends on certain shares of the Ahmedabad-Dholka Railway allotted to Government in payment of expenditure incurred by it on behalf of the railway. The improvement of £79,000 on the Budget estimate of receipts in the current year and the decrease of £63,900 provided for in the Budget of 1920-21 are due mainly to the variations in the Government share of the surplus profits of the Southern Punjab Railway Company. *Revised, 1919-20. Budget, 1920-21.*

Other charges.

178. These consist of cost of land required by certain Railway Companies, the contracts with which provide for the free supply of land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each Railway Company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The figures are :—

		Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	1920-21. Budget.
Imperial.		R	R	R	R
1. Subsidised Companies—Land and Subsidy		3,01,684	6,50,000	6,50,000	5,00,000
2. Miscellaneous Expenditure		44,24,380	13,00,000	13,00,000	25,95,000
Provincial.					
1. Subsidised Companies—Land and Subsidy		10,112	10,000	10,000	17,000
2. Miscellaneous Expenditure		571	1,000	1,000	1,000
TOTAL	R	47,36,747	19,61,000	19,61,000	31,13,000
	£	315,783	130,700	130,700	207,500

179. *Land and Subsidy.*—The Revised estimate is taken at the same figure as the Budget estimate of the year. The principal allotments made in 1920-21 are for the Mymensingh-Bhairab Bazar Railway. Provision is also included for the payment of rebate to the Guzerat Railways and for the Bankura Damodar River Railway subsidy. *Revised, 1919-20. Budget, 1920-21.*

180. *Miscellaneous Expenditure.*—The Revised estimate for 1919-20 is placed at the same figure as the Budget estimate of the year. The Budget for 1920-21 is made up as follows :— *Revised, 1919-20. Budget, 1920-21.*

	R
Allotment for surveys	12,67,000
Charges for Railway Board and other establishments	15,82,000
State Railways—Miscellaneous expenditure in England	13,95,000
Less—Recoveries from Railway Companies on account of cost of supervision	*16,49,000*
Total	25,95,000

XXIX—XXX AND 42, and 43.—IRRIGATION.

IRRIGATION.	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget. 1920-1921.
				Budget.	Revised.	
	R	R	R	R	R	R
MAJOR WORKS.						
Revenue { Direct Receipts .	4,51,68,395	4,48,58,712	4,70,91,269	4,84,04,000	5,32,00,000	5,24,12,000
Revenue { Land Revenue .	2,74,06,628	2,65,33,426	2,85,67,154	2,93,84,000	3,00,11,000	3,19,58,000
Expenditure { Working Expenses .	2,08,67,917	2,10,67,302	2,13,46,194	2,12,71,000	2,29,12,000	2,20,53,000
Expenditure { Interest .	1,93,89,288	2,08,67,708	2,12,22,106	2,15,87,000	2,15,25,000	2,18,89,000
NET REVENUE IN INDIA . . R	3,29,17,818	2,94,57,128	3,30,90,123	3,49,30,000	3,87,74,000	4,04,28,000
Equivalent in Sterling £	2,194,521	1,963,809	2,206,008	2,328,700	2,584,900	2,695,200
Expenditure in England (mainly Interest) . £	120,585	124,415	124,596	124,600	125,000	125,700
NET REVENUE £	2,073,936	1,839,394	2,081,412	2,204,100	2,459,900	2,569,500
MINOR WORKS.						
Receipts—Direct . .	47,59,342	45,66,046	45,39,178	48,90,000	44,43,000	48,08,000
Expenditure .	1,17,76,139	1,29,71,568	1,47,65,185	1,63,39,000	1,71,56,000	2,00,28,000
NET EXPENDITURE IN INDIA . . . R	70,16,797	84,05,522	1,02,26,007	1,14,49,000	1,27,13,000	1,52,20,000
Equivalent in Sterling £	467,787	560,368	681,733	763,300	847,500	1,014,600
Expenditure in England £	437	15	...	...	...	...
NET EXPENDITURE £	468,224	560,353	681,733	763,300	847,500	1,014,600
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 . . . R	64,92,86,966	65,90,19,930	66,73,66,168	68,01,96,455	67,62,65,168	69,00,84,168
Equivalent in Sterling £	43,285,798	43,934,662	44,491,078	45,346,430	45,084,378	46,005,678

General Result.

181. Taking India as a whole, the net revenue derived from Major Irrigation works in 1919-20 will exceed the Budget forecast by £255,800 (R38·38 lakhs).

Major Irrigation.

There will be a rise of R47·96 lakhs in the Direct Receipts and of R6·27 lakhs in the share of Land Revenue. There will, however, be an excess of R15·85 lakhs in the expenditure, *viz.*, an increase of R16·41 lakhs in the Working Expenses, partly counterbalanced by a reduction of R56,000 under interest charges. A further improvement of £109,600 (R16·44 lakhs) is expected in the net revenue in 1920-21. This allows for a rise of R11·59 lakhs in the gross revenue, made up of a decrease of R7·88 lakhs in the Direct Receipts and an increase of R19·47 lakhs in the share of Land Revenue. A smaller provision of R8·59 lakhs has been made for Working Expenses, but there will be a growth of R3·74 lakhs in the interest charges.

Minor Irrigation.

The net result under Minor Irrigation Works in 1919-20 is worse than the Budget estimate by £84,200 (R12·64 lakhs), the result of a decrease of R4·47 lakhs in revenue and an increase of R8·17 lakhs in expenditure. The estimate for next year provides for a rise of R3·65 lakhs in the receipts and of R28·72 lakhs in expenditure.

182. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 11 and 12 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

XXIX AND 42.—MAJOR WORKS.

Direct Receipts.

IRRIGATION.	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. North-West Frontier	9,61,716	11,73,263	12,68,258	13,39,000	13,35,000	13,66,000
2. United Provinces	4,86,060	4,03,388	5,99,178	3,85,000	5,21,000	6,50,000
3. Burma	13,53,255	13,47,411	19,42,013	17,80,000	15,50,000	18,50,000
4. Central Provinces	1,31,820	1,70,194	3,22,189	4,82,000	4,40,000	5,46,000
Total	29,32,851	30,94,256	41,31,638	39,86,000	38,46,000	44,12,000
Divided and Provincial.						
1. Madras	3,11,537	3,19,074	3,37,513	3,22,000	3,42,000	3,36,000
2. Bombay	16,81,144	15,86,638	12,51,056	17,00,000	20,00,000	20,03,000
3. Bengal	2,89,732	2,78,301	3,04,875	2,80,000	3,00,000	3,00,000
4. United Provinces	97,07,939	98,10,840	1,06,05,643	1,01,08,000	1,17,05,000	1,09,53,000
5. Punjab	2,77,15,784	2,71,44,178	2,77,26,590	2,92 08,000	3,20,07,000	3,16,07,000
6. Bihar and Orissa	25,29,408	26,25,425	27,33,954	28,00,000	30,00,000	28,01,000
Total	4,22,35,544	4,17,64,456	4,29,59,631	4,44,18,000	4,93,54,000	4,80,00,000
TOTAL R	4,51,68,395	4,48,58,712	4,70,91,269	4,84,04,000	5,32,00,000	5,24,12,000
Equivalent in Sterling £	3,011,227	2,990,581	3,139,418	3,226,900	3,546,700	3,494,100

WORKING EXPENSES.

Imperial.						
1. India General	...	...	...	2,33,000	...	34,000
2. North-West Frontier	6,49,518	7,05,133	8,31,219	6,32,000	9,61,000	7,30,000
3. United Provinces	4,78,631	5,58,222	4,12,859	4,39,000	5,34,000	5,30,000
4. Burma	5,64,569	5,39,665	7,14,675	7,27,000	8,30,000	8,70,000
5. Central Provinces	1,17,227	2,02,563	4,12,261	5,20,000	5,00,000	6,00,000
Total	18,09,945	20,05,583	23,71,014	25,51,000	27,75,000	27,64,000
Divided and Provincial.						
1. Madras	19,69,410	22,13,265	20,64,667	17,24,000	19,18,000	17,39,000
2. Bombay	15,58,474	17,89,374	19,07,180	17,51,000	20,32,000	18,64,000
3. Bengal	1,85,804	1,71,800	2,31,084	2,03,000	2,35,000	2,25,000
4. United Provinces	29,46,301	29,44,866	30,34,012	31,26,000	31,30,000	32,80,000
5. Punjab	1,03,46,287	1,04,21,396	1,03,03,276	1,05,29,000	1.13,29,000	1,06,86,000
6. Bihar and Orissa	14,51,696	15,21,518	14,34,961	13,87,000	14,53,000	14,95,000
Total	1,84,57,972	1,90,61,719	1,89,75,180	1,87,20,000	2,01,57,000	1,92,89,000
TOTAL INDIA R	2,02,67,917	2,10,67,302	2,13,46,194	2,12,71,000	2,29,12,000	2,20,53,000
Equivalent in Sterling £	1,351,194	1,404,487	1,423,080	1,418,000	1,527,500	1,470,200

Direct Receipts.

(a) *Imperial.*

Revised, 1919-20. 183. The Revised estimate for 1919-20 is less than the Budget by R1·40 lakhs, a decrease in Burma owing to insufficient supplies being partly counterbalanced by an improvement in the United Provinces. The Budget estimate for 1920-21 provides for a development of irrigation from the Mahanadi and Tandula canals in the Central Provinces and the Betwa and Dhasan canals in the United Provinces and normal receipts in Burma. These causes account for the increase of R5·66 lakhs as compared with the Revised estimate for 1919-20.

Budget, 1920-21.

(b) *Divided and wholly Provincial.*

Revised, 1919-20. 184. The large rise of R49·36 lakhs in the Revised estimate for the current year as compared with the Budget is due to a considerable increase in the area under irrigation in the Punjab and the United Provinces during both the *rabi* and the *kharif* seasons, recovery of arrears in respect of the previous year in Bihar and Orissa and Bombay, and a minor increase in the irrigated area in the former province and enhancement of water-rates in the latter.

Budget, 1920-21. 185. The Budget estimate for 1920-21 is based generally on the demand for *rabi* irrigation in the current year and on normal requirements in connection with the next year's *kharif*. Decreases are expected in the Punjab, the United Provinces and Bihar and Orissa where the current year's revenue has been especially high and the Budget estimate for the next year is taken at R13·54 lakhs less than the Revised for 1919-20.

Working Expenses.

(a) *Imperial.*

Revised, 1919-20. 186. The total expenditure in 1919-20 is likely to exceed the Budget provision by R2·24 lakhs. Increases in the North-West Frontier province owing to larger repairs to canal banks in consequence of heavy rains, in Burma due to special repairs to certain canals and in the United Provinces owing to revision of pay of establishments and the new method of distributing these charges will be partly met from the reserve provision of R2·33 lakhs entered in the Budget.

Budget, 1920-21. 187. The Budget estimate for 1920-21 does not materially differ from the current year's Revised, and includes a reserve provision of R34,000 for unforeseen requirements.

(b) *Divided and wholly Provincial.*

Revised, 1919-20. 188. The Revised estimate for 1919-20 exceeds the Budget by R14·17 lakhs. The increase is due to extensive repairs to the canal banks in the Punjab owing to excessive rains, additional outlay on war and grain compensation allowances, revision of pay of engineer officers and their return from military duty and larger establishment charges under the new method of distribution.

Budget, 1920-21. 189. The Budget estimate for 1920-21 is R8·48 lakhs less than the Revised estimate for the current year. The decrease occurs mainly in the Punjab (R6·43 lakhs) where a reduced allotment has been made for repairs. Elsewhere provision has been made with reference to present requirements.

XXX AND 43.—MINOR WORKS AND NAVIGATION.

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General .	15,172	19,656	24,065	30,000	17,000	23,000
2. Delhi . . .	2,599	989	—464	1,000	1,000	1,000
3. Baluchistan . .	79,709	54,742	57,295	92,000	92,000	92,000
4. Punjab . .	9,59,765	10,01,641	8,11,130	9,11,000	7,66,000	9,61,000
Total .	10,57,245	10,77,028	8,92,026	10,34,000	8,76,000	10,82,000
Divided and Provincial.						
1. Madras . . .	2,79,490	3,16,870	2,92,622	3,15,000	3,23,000	2,98,000
2. Bombay . .	3,46,939	3,83,240	3,56,168	3,60,000	4,00,000	3,90,000
3. Bengal . .	8,34,377	8,91,643	9,97,857	10,58,000	9,08,000	9,62,000
4. United Provinces .	2,85,386	2,89,038	3,04,440	2,52,000	3,43,000	3,02,000
5. Punjab . . .	63,246	1,26,464	1,13,718	1,33,000	1,24,000	1,20,000
6. Burma . . .	16,90,753	13,68,211	14,42,294	16,00,000	13,00,000	15,00,000
7. Bihar and Orissa .	70,828	74,362	71,041	74,000	74,000	74,000
8. Central Provinces .	59,074	39,185	69,012	64,000	95,000	80,000
9. Assam . . .	72,004	...	...	...	...	...
Total .	37,02,097	34,89,013	36,47,152	38,56,000	35,67,000	37,26,000
TOTAL ₹	47,59,342	45,66,046	45,39,178	48,90,000	44,43,000	48,08,000
Equivalent in Sterling £	317,289	304,403	302,612	326,000	296,200	320,600

EXPENDITURE.

Imperial.						
1. India General .	62,434	73,988	1,03,216	1,86,000	1,08,000	2,85,000
2. Delhi . . .	1,593	1,102	1,613	1,000	1,000	1,000
3. Baluchistan . .	2,93,454	1,43,650	2,16,167	2,09,000	1,53,000	1,67,000
4. North-West Frontier	39,457	74,152	3,97,459	1,61,000	6,55,000	50,000
5. Punjab . . .	8,07,631	8,24,360	9,37,175	9,57,000	10,32,000	9,65,000
Total .	12,04,569	11,17,252	16,60,630	15,14,000	19,49,000	14,68,000
Divided and Provincial.						
1. Madras . . .	35,70,915	40,64,563	44,16,608	44,99,000	42,10,000	41,35,000
2. Bombay . .	24,97,981	28,33,016	31,12,498	34,53,000	39,07,000	50,37,000
3. Bengal . .	20,04,123	23,44,716	25,92,068	35,08,000	30,52,000	40,87,000
4. United Provinces .	3,28,489	3,12,347	4,27,391	5,88,000	5,98,000	8,89,000
5. Punjab . . .	2,63,712	3,32,936	4,11,956	4,24,000	5,40,000	3,70,000
6. Burma . . .	12,24,578	13,68,905	12,84,867	15,97,000	18,00,000	28,03,000
7. Bihar and Orissa .	2,47,981	1,88,770	2,92,876	2,17,000	2,74,000	3,95,000
8. Central Provinces .	3,81,718	3,78,730	5,34,915	5,00,000	7,65,000	8,00,000
9. Assam . . .	52,073	30,333	31,376	39,000	61,000	44,000
Total .	1,05,71,570	1,18,54,316	1,31,04,555	1,48,25,000	1,52,07,000	1,85,60,000
TOTAL INDIA ₹	1,17,76,139	1,29,71,568	1,47,65,185	1,63,39,000	1,71,56,000	2,00,28,000
Equivalent in Sterling £	785,076	864,771	984,345	1,089,300	1,143,700	1,335,200
England . . £	437	—15	...	...	...	...
GRAND TOTAL £	785,513	864,756	984,345	1,089,300	1,143,700	1,335,200

REVENUE.

(*a*) *Imperial.*

Revised, 1919-20. 190. The Revised estimate for 1919-20 is less than the Budget by ₹1·58 lakhs owing mainly to diminished irrigation in the Punjab in consequence of deficient rainfall. *Budget, 1920-21.* The Budget estimate for 1920-21 provides for normal receipts and exceeds the Revised estimate for the current year by ₹2·06 lakhs.

(*b*) *Divided and Provincial.*

Revised, 1919-20. 191. The total Revised estimate for 1919-20 falls short of the Budget by ₹2·89 lakhs. Decreases due to a shrinkage in cultivated areas in Lower Burma and Bengal and to scanty and irregular rainfall in Upper Burma are partly set off by an improvement in other provinces. *Budget, 1920-21.* The Budget estimate provides for larger receipts in Burma and elsewhere follows the Revised for the current year.

EXPENDITURE.

(*a*) *Imperial.*

Revised, 1919-20. 192. The increase of ₹1·35 lakhs in the Revised estimate for the current year as compared with the Budget is due to special outlay in the North-West Frontier Province for the safeguarding of a road and on the construction of flood protective works. The reserve provision of ₹60,000 included in the Budget has been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Imperial revenue (*vide* paragraph 234).

Budget, 1920-21. 193. The Budget estimate for 1920-21 is less than the current year's Revised by ₹4·81 lakhs. Provision has been made for normal expenditure and a reserve of ₹1·37 lakhs has been entered to meet expenditure which cannot be foreseen at present.

(*b*) *Divided and Provincial.*

Revised, 1919-20. 194. The Revised estimate for 1919-20 exceeds the Budget by ₹3·82 lakhs. Increases are anticipated in Bombay (₹4·49 lakhs) on account of urgent bund works, in Burma (₹3·78 lakhs) for the purchase of a dredger, and in the Central Provinces (₹2·65 lakhs) as the result of larger outlay on scarcity works. But these excesses and minor ones in some other provinces will be met in part from a lapse in grants in Bengal (₹4·56 lakhs) and a saving in establishment charges in Madras (₹1·71 lakhs) under the new method of distribution. A saving will also occur in the provision for a reserve depôt for tools and plant in the United Provinces, but it will be utilised for expenditure on the Sarda survey.

Budget, 1920-21. 195. The Budget estimate for 1920-21 is taken at ₹33·53 lakhs more than the Revised for the current year. Provision has generally been made for sanctioned establishments, for necessary repairs and for an expanded programme of works. The bulk of the increase occurs in Bombay (₹11·30 lakhs), Bengal (₹10·35 lakhs) and Burma (₹10·03 lakhs). Allotments have been made for various projects in these provinces, the more important of which are the widening of the Madaripur Bil route (₹7 lakhs) and the re-building of the Kidderpore bridge (₹6·50 lakhs) in Bengal, and new dredging plant in Burma (₹9·80 lakhs) for reclamation works and improvements to water-ways. The Budget also includes ₹2·19 lakhs for a reserve depôt for tools and plant and ₹2·42 lakhs for the Sarda survey project in the United Provinces.

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		Budget, 1920-1921.
				Budget.	Revised.	
Provincial.						
United Provinces	...	...	1,01,592	66,000	48,000	...
Assam . . . R	33,060	—11,493	—20,950	10,000	41,000	60,000
Total . R	33,060	—11,493	80,642	76,000	89,000	60,000
Equivalent in sterling £	2,204	—766	5,376	5,100	6,000	4,000

196. The figures against Assam relate to capital outlay in connection with the Jorhat Railway and are unimportant in character. The provision against the United Provinces of Agra and Oudh in the current year is for the construction of a siding for the resin distillery in that province.

XXXI and 45.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General .	21,00,250	20,20,052	21,80,229	31,52,000	27,17,000	61,40,000
2. Delhi . . .	18,15,313	20,64,703	21,43,427	16,84,000	18,03,000	16,82,000
3. Baluchistan . .	9,48,939	9,67,401	9,14,369	11,58,000	10,25,000	15,50,000
4. North-West Frontier	24,26,106	25,29,307	18,08,063	33,87,000	15,66,000	37,07,000
5. Other Provinces .	30,97,615	32,24,659	49,93,623	45,15,000	70,28,000	69,06,000
Total .	1,03,88,223	1,08,06,622	1,20,39,711	1,38,96,000	1,41,38,000	1,99,85,000
Provincial.						
1. Madras . . .	79,75,704	80,70,672	1,03,21,740	1,05,21,000	1,12,04,000	1,45,00,000
2. Bombay . .	75,13,171	89,75,049	1,18,06,194	1,46,90,000	1,62,66,000	1,88,95,000
3. Bengal . . .	64,39,725	90,20,293	1,03,76,534	1,28,64,000	1,16,69,000	1,39,24,000
4. United Provinces .	65,85,308	60,88,805	65,67,430	73,86,000	83,52,000	1,11,84,000
5. Punjab . .	49,80,610	51,27,254	70,32,680	84,90,000	8,34,000	1,15,76,000
6. Burma . . .	82,77,693	95,43,514	92,01,217	1,48,08,000	1,07,34,000	2,19,59,000
7. Bihar and Orissa .	69,74,458	75,29,245	65,40,530	81,05,000	68,68,000	92,35,000
8. Central Provinces .	60,45,394	68,41,533	70,09,576	84,01,000	84,66,000	94,43,000
9. Assam . . .	32,63,485	31,01,904	32,49,961	37,98,000	39,95,000	50,03,000
Total .	5,80,55,548	6,42,98,269	7,21,05,862	8,90,63,000	8,73,38,000	11,57,19,000
TOTAL INDIA . R	6,84,43,771	7,51,04,891	8,41,45,573	10,29,59,000	10,15,26,000	13,57,04,000
Equivalent in Sterling £	4,562,918	5,006,993	5,609,705	6,863,900	6,768,400	9,046,900
England . . . £	53,413	42,067	36,790	63,700	134,600	53,200
TOTAL . £	4,616,331	5,049,060	5,646,495	6,927,600	6,903,000	9,100,100

REVENUE.

	Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	Budget, 1920-1921.
Imperial.						
1. India General .	1,02,080	1,56,742	1,09,419	89,000	1,26,000	96,000
2. Delhi . . .	—56,940	1,28,793	1,05,981	1,35,000	1,06,000	1,05,000
3. Baluchistan . .	46,868	67,368	51,261	48,000	41,000	42,000
4. North-West Frontier	1,68,995	1,74,907	1,67,126	1,72,000	1,71,000	1,64,000
5. Other Provinces .	3,29,133	3,57,678	3,76,080	3,50,000	4,07,000	5,01,000
Total .	5,90,186	8,85,488	8,09,867	7,95,000	9,11,000	9,08,000
Provincial.						
1. Madras . . .	5,13,010	4,83,581	5,19,199	4,35,000	5,24,000	4,54,000
2. Bombay . .	4,97,111	5,33,611	4,54,410	4,05,000	7,15,000	6,55,000
3. Bengal . . .	3,57,456	6,17,975	9,79,059	7,24,000	7,45,000	2,45,000
4. United Provinces .	4,80,810	5,26,086	5,21,423	5,10,000	4,85,000	5,22,000
5. Punjab . . .	4,21,242	3,75,686	4,28,018	3,89,000	4,79,000	4,41,000
6. Burma . . .	3,50,497	3,57,052	4,44,631	3,61,000	4,16,000	3,76,000
7. Bihar and Orissa .	4,36,731	4,78,958	5,04,608	5,35,000	5,85,000	6,10,000
8. Central Provinces .	3,05,746	3,78,521	3,45,602	5,03,000	4,08,000	5,03,000
9. Assam . . .	1,87,798	2,17,025	2,07,926	1,87,000	1,85,000	1,55,000
Total .	40,50,401	39,68,495	44,04,876	40,49,000	45,42,000	46,61,000
TOTAL INDIA . R	46,40,587	48,53,983	52,14,743	48,44,000	54,53,000	55,69,000
Equivalent in Sterling £	309,373	323,599	347,649	323,000	363,500	371,300

197. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments, *e.g.*, salt, customs, etc., the receipts and charges of which are wholly Imperial.

EXPENDITURE.

(*a*) *Imperial—India and England.*

Revised, 1919-20.

198. The Revised estimate for the current year exceeds the Budget by ₹13·C5 lakhs. Nearly ₹20 lakhs will have been spent in Simla on the provision of accommodation for senior officers and the clerical establishments of the Government of India. Payments in England by the Secretary of State are also expected to be more than the Budget estimate by ₹10·63 lakhs, owing chiefly to the increase in the number of officers who have proceeded on leave this year. These excesses will largely be set off by savings mainly in the North-West Frontier Province (₹18·21 lakhs) owing to scarcity of labour.

Budget, 1920-21.

199. For 1920-21 the total Imperial grant has been fixed at ₹1,55 lakhs, exclusive of ₹4·99 lakhs allotted for expenditure in the Civil Department, mostly in the several minor administrations, and of sums aggregating ₹47·84 lakhs to be spent by the administrations of the North-West Frontier province (₹36 lakhs) and Baluchistan (₹11·84). The total Budget for 1920-21 is more than the Budget and Revised estimates for 1919-20 by ₹59·31 lakhs and ₹46·26 lakhs respectively. The increased provision is due partly to the leeway to be made up as a result of economies enforced during the war and partly to the rise in the cost of labour and materials.

200. The purposes to which the grant of ₹1,55 lakhs mentioned in the preceding paragraph will be applied are shown below :—

(A) ORDINARY GRANT.

	In lakhs of rupees.
(1) Establishment and miscellaneous charges	17·67
(2) Repairs	24·70
(3) Works in progress	27·51
(4) New works—	
(*a*) Costing up to ₹5,000	9·10
(*b*) Costing over ₹5,000	24·51
(5) Payments in England for stores	7·98
(6) Reserve for Archæological works	1·00
(7) Reserve for other expenditure—	
(*a*) Items known but for which definite amounts have not yet been allocated.	21·00
(*b*) Unforeseen works	4·77
	138·24

(B) DELHI PROVINCE.

(1) Works in progress	1·05
(2) New works—	
(*a*) *Civil Buildings*—	
Works costing up to ₹5,000	0·35
Works costing over ₹5,000	1·50
(*b*) *Civil Communications*—	
Works costing up to ₹5,000	0·12
Works costing over ₹5,000	0·50
(*c*) *Miscellaneous Public Improvements*—	
Works costing up to ₹5,000	0·03
Works costing over ₹5,000	0·13
(3) Repairs	8·82
(4) Establishment and miscellaneous charges	2·31
(5) City extension and improvement scheme	1·00
(6) Reserve for unforseen expenditure	0·95
	16·76
Total	1,55·00

201. The more important works for which funds are being provided out of the ordinary grant mentioned above are stated below :—

Province.	Name of works.	Amount of grant.
	Works in progress.	R
Central India .	Submerged bridge on the Narbada river on the Agra-Bombay road . .	1,35,000
Punjab .	New telegraph office, Simla	2,00,000
	Acquisition of houses for senior officers of the Government of India in Simla.	10,00,000
Bengal .	Extension of the Calcutta General Post Office	1,00,000
	New Post and Telegraph Office with quarters for the staff at Darjeeling .	1,00,000
Bombay	New Customs House at the Ballard Pier, Bombay	2,50,000
	Office and residential quarters in connection with Salt works at Bhandup .	1,00,000
	New Works.	
Punjab . .	European clerks' quarters, Simla	4,50,000
	Quarters for telegraphists, Simla	1,79,500
Bombay .	Abolition of closed store and construction of a new one in connection with Pritchard salt works	1,00,000
	Quarters for Mint and Assay Masters, Bombay	1,50,000
	Currency Office, Karachi	6,00,000
Bengal . .	(*i*) Buildings for the Government Tannery	4,07,000
	(*ii*) Acquisition of land, etc., for the Chemical Research Institute	
	(*iii*) Acquisition of land and construction of buildings for the Metallurgical Institute	

(*b*) *India—Provincial.*

Revised, 1919-20.

202. The total Revised estimate for 1919-20 is less than the Budget by R16·75 lakhs. The Budget provided for an outlay of R21 lakhs on Civil Works from the special Imperial assignments made in recent years for Education, Sanitation and other beneficent services, but the total expenditure of this class in the current year to be recorded under Civil Works is now estimated at about R62 lakhs. Eliminating this special expenditure as well as the Budget provision made for it, the Revised estimate under Civil Works falls short of the corresponding Budget grant by about R58 lakhs. Lapses occur in Bengal (R43 lakhs), Burma (R36 lakhs) and Bihar and Orissa (R20 lakhs), owing generally to scarcity of labour and materials and a consequent curtailment of the programme of works. Further, a budget provision of R3·25 lakhs in Bengal for a grant to the Chittagong port and a reserve provision of R5 lakhs in Burma will be accounted for under other heads. The above savings are partly counterbalanced by expenditure on the acquisition of property in Madras (R9 lakhs) and the United Provinces (R6 lakhs), and the purchase of a dredger in connection with the Back Bay reclamation work in Bombay (R7·50 lakhs).

Budget, 1920-21.

203. The table below compares the details of the grants for 1920-21 in the various provinces so far as settled at present with the probable expenditure in the current year :—

REVISED, 1919-20.

[Lakhs of Rupees.]

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.	TOTAL
	Local Boards and Municipalities.	Other local bodies.	Original works.	Repairs.	Establishment charges.		
1. Madras	35·55	...	40·74	13·70	18·71	3·34	112·04
2. Bombay	17·00	...	94·50	28·00	18·00	5·16	162·66
3. Bengal	9·93	1·50	60·00	32·00	12·00	1·26	116·69
4. United Provinces . . .	5·06	...	32·83	29·54	12·23	3·86	83·52
5. Punjab	10·39	...	48·25	26·00	9·35	4·35	98·34
6. Burma	11·14	...	34·74	41·86	17·70	1·90	107·34
7. Bihar and Orissa . . .	15·46	...	27·49	12·90	12·22	·61	68 68
8. Central Provinces . . .	8·00	...	36·31	21·64	10·20	8·51	84·66
9. Assam	3·77	...	9·16	18·23	7·22	1·57	39·95
TOTAL .	116·30	1·50	384·02	223·87	117·63	30·56	873·88

BUDGET, 1920-21.

[Lakhs of Rupees.]

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.	TOTAL.
	Local Boards and Municipalities.	Other local bodies.	Original Works.	Repairs.	Establishment charges.		
1. Madras	45·49	...	60·32	12·50	24·03	2·66	145·00
2. Bombay	16·97	...	113·75	34·00	20·00	4·23	188·95
3. Bengal	10·68	1·50	75·67	34·21	15·85	1·33	139·24
4. United Provinces	4·59	...	55·26	35·52	12·32	4·15	111·84
5. Punjab	13·92	...	61·42	26·93	10·35	3·14	115·76
6. Burma	11·21	...	76·90	58·28	30·99	57·21	219·59
7. Bihar and Orissa	12·00	...	53·19	12·79	11·57	2·80	92·35
8. Central Provinces	8·52	...	45·04	22·36	13·76	4·75	94·43
9. Assam	6·99	...	15·24	18·27	7·74	1·79	50·03
TOTAL	130·37	1·50	556·79	249·86	136·61	82·06	1,157·19

204. The Budget estimate for 1920-21 exceeds the Revised for the current year by R2,83·31 lakhs. The increase is distributed over all the provinces, but is largest in Burma (R1,12·25 lakhs), and Madras (R32·96 lakhs). Allotments aggregating R63 lakhs have been made for outlay on Civil Works from the special Imperial assignments made in recent years. The Budget estimate in Burma includes a lump provision of R40 lakhs for expenditure out of the profits from the rice control scheme for the benefit of the Burman agriculturist.

205. The total provision for original works in 1920-21 has been taken at R1,72·77 lakhs more than the probable expenditure in the current year. In view of the severe restriction of expenditure during the war, the Budget estimate for next year provides for a considerable expansion of outlay on buildings in all the provinces and on communications in Burma, Bengal and Bombay. Provision has been made in Bombay for the purchase of buildings for an Arts College at Dharwar, for roads in Sind and the resumption of sites in Bombay City; the construction of buildings in connection with the Dacca University scheme and the partition of the Mymensing and Midnapore districts in Bengal; the completion of the New Capital works and the Indian Lunatic Asylum and the construction of a new Council Chamber (R3 lakhs) and new buildings for Arts Colleges in Bihar and Orissa; for the Berar College in the Central Provinces; and for expenditure in connection with the Reforms scheme in the Punjab (R1·50 lakhs). A lump provision of R30 lakhs has also been made in the United Provinces for a building programme.

206. The Budget grant for repairs is R25·99 lakhs higher than the Revised estimate for the current year. The increase is distributed over all the provinces except Madras and Bihar and Orissa.

207. The revision of pay of Engineers and subordinate establishments mainly accounts for the increase of R18·98 lakhs over the current year's Revised estimate under establishment charges.

208. Apart from the provision of R40 lakhs for expenditure out of the profits from the rice control scheme, the Budget estimate under "other items" exceeds the current year's Revised by R11·50 lakhs, chiefly owing to provision for the purchase of steam and motor road rollers in Burma.

209. The total provision for grants to local boards and municipalities in 1920-21 is about R14 lakhs more than the similar expenditure in 1919-20, mainly owing to a provision of R16 lakhs in Madras for the maintenance of important roads to be taken over from local bodies. The estimates under "grants to other local bodies" represent the grant of R1·50 lakhs from Imperial revenues to the Calcutta Improvement Trust.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1920-21.

REVENUE.

(*a*) *Imperial.*

Revised, 1919-20.

210. The increase of R1,16,000 in the Revised over the Budget estimate for the current year is due to the realisation of rents from newly acquired houses in Simla.

(*b*) *Provincial.*

Revised, 1919-20.

Budget, 1920-21.

211. The Revised estimate for 1919-20 shows a rise of R4·93 lakhs over the Budget estimate, mainly owing to sales of buildings and recoveries for the supply of water from the Poona waterworks in Bombay. The Budget estimate for 1920-21 includes R3 lakhs from the sale of an alms house in Bengal and a contribution of R1·50 lakhs from the public towards the King Edward's College at Amraoti, which will not be realised in the current year as previously anticipated. On the other hand, the special receipts in the current year in Bombay will not recur next year.

XXXII and 46.—ARMY.

Expenditure.		Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	1920-1921, Budget.
INDIA—							
Effective Services—		R	R	R	R	R	R
Administration		57,48,817	67,29,355	79,83,335	70,69,020	82,94,000	
Military Accounts		26,20,842	28,31,257	29,69,660	28,29,400	33,91,000	
Regimental Pay, etc.		7,72,27,057	8,00,99,334	8,34,93,500	13,80,70,750	20,51,28,000	
Royal Air Force in India		...	...	...	...	...	
Supply and Transport		2,91,17,776	3,50,30,972	4,14,43,236	5,12,71,000	6,62,24,000	
Veterinary		1,72,784	1,96,804	2,25,563	1,94,960	5,13,000	
Clothing		42,37,239	26,17,025	41,77,201	72,75,200	84,39,000	
Remounts		44,62,466	55,35,529	46,75,103	50,32,760	60,50,000	
Medical Services		30,12,527	32,32,100	39,91,210	69,05,460	1,06,99,000	
Medical Stores		6,19,883	22,32,843	19,66,563	23,36,000	22,69,000	
Ordnance		1,18,71,080	1,59,59,793	1,87,59,243	1,82,19,980	2,20,07,000	
Ecclesiastical		3,96,759	4,36,924	4,30,923	4,40,180	4,43,000	
Education		5,65,931	6,74,813	9,04,895	14,10,290	16,10,000	42,33,73,000
Compensation for Food, etc.		34,00,920	7,99,000	12,66,000	28,69,000	40,51,000	
Miscellaneous Services		11,31,78,446	14,08,82,246	34,14,09,724	21,47,96,000	31,91,53,000	
Indian Munitions Board		55,019	28,55,621	63,45,932	30,56,470	9,18,000	
Hutting		2,56,912	2,65,487	2,83,455	2,50,000	...	
Conveyance by Road, River, and Sea		9,65,231	8,13,580	17,34,852	9,85,690	11,28,000	
Conveyance by Rail		1,09,80,704	1,48,21,052	2,54,79,270	2,14,00,000	2,44,00,000	
Cantonments		17,37,917	18,41,726	23,59,016	13,16,840	20,85,000	
Unadjusted Expenditure		−1,75,481	−16,27,238	25,23,633	...	...	
TOTAL	R	27,04,52,739	31,62,80,725	55,24,22,813	48,57,32,000	68,68,89,000	
Non-effective Services—	R	1,28,45,207	1,46,21,875	1,59,18,060	1,78,71,000	1,85,36,000	
TOTAL INDIA	R	28,32,97,936	33,09,11,600	56,83,40,873	50,36,03,000	70,54,25,000	42,33,73,000
Equivalent in sterling	£	18,886,529	22,060,774	37,889,391	33,573,500	47,028,300	28,224,900
ENGLAND—							
Effective Services—		£	£	£	£	£	£
Payments to War Office for British Forces		930,700	930,700	872,200	911,700	911,700	
Government of India's additional war contribution for effective charges		...	...	...	...	800,000	
Furlough Allowances, and Pay during voyage of British Forces		14,941	15,219	12,864	50,000	275,000	
Consolidated Clothing Allowances of British Soldiers		1	...	...	...	...	
Furlough Allowances, Indian Service		190,062	191,037	193,250	250,000	530,000	
Indian Troop Service		277,010	303,818	275,706	310,000	334,500	
Other Heads		31,677	33,993	153,881	63,100	72,600	
Clothing Stores		108,039	110,000	110,000	110,000	110,000	
Ordnance and Miscellaneous Stores		1,152,872	1,946,096	468,066	429,400	599,500	
Medical Stores		182,705	117,308	114,952	183,000	120,000	
Remount Stores		...	2,945	1,575	3,200	3,200	
Supply and Transport Stores		83,000	83,000	83,000	83,000	83,000	
Mechanical Transport Stores		165,439	150,272	98,895	160,000	220,000	
Military Farms Stores		25,428	25,879	26,069	39,700	49,100	
Aviation Stores		...	68	1,776	200,000	34,000	
North-West Frontier, 1916		29,688	...	...	...	...	
North-West Frontier, 1919		...	...	...	...	736,000	
Stores taken to India with Troops		...	...	1,554	...	...	
TOTAL	£	3,191,512	3,908,325	2,414,116	2,798,100	4,878,900	
Non-effective Services—							
Payments to War Office for British Forces		676,073	672,373	1,076,373	1,941,100	2,041,100	
Pensions, Indian Service		1,236,154	1,175,236	1,147,183	1,130,000	1,205,000	
Other Heads		269,735	277,196	280,228	292,000	330,000	
TOTAL	£	2,181,962	2,124,805	2,503,784	3,363,100	3,576,100	
TOTAL ENGLAND	£	5,373,474	6,033,130	4,917,902	6,156,200	8,455,000	9,305,500
TOTAL EXPENDITURE	£	24,260,003	28,093,904	42,807,293	39,729,700	55,483,300	37,530,400
RECEIPTS.							
India	R	1,17,70,562	1,53,52,150	2,36,37,915	1,39,47,000	1,65,95,000	1,48,27,000
Equivalent in sterling	£	784,704	1,023,477	1,575,861	929,800	1,106,370	988,500
England	£	330,814	280,453	266,581	274,500	5,666,000	278,000
TOTAL RECEIPTS	£	1,115,518	1,303,930	1,842,442	1,204,300	6,772,300	1,266,500
TOTAL NET EXPENDITURE	£	23,144,485	26,789,974	40,964,851	38,525,400	48,711,000	36,263,900

212. The receipts and expenditure under the "Army" head are given in the preceding statement.

213. The Budget estimate for 1919-20 included £8,695,000 on account of the Government of India's additional war contribution to the Imperial Government, made up as follows :— *Additional war contribution.*

		£
(1) Contribution for effective charges		7,200,000
(2) Contribution for non-effective charges—		
(*a*) war pensionary charges of Indian troops and their British officers	995,000	
(*b*) war pensionary charges of British troops	500,000	
		1,495,000
Total		8,695,000

The amounts provided under non-effective charges represented instalments of the total contribution payable by the Government of India under the terms of the Resolution passed by the Legislative Council on the 10th September 1918. The total liability on account of Indian troops and their British officers amounted, according to latest estimates, to a capital sum of about £5 million, or an aggregate payment of £7·5 million spread over 20 years. The total liability on account of British troops was settled at a capital sum of £4 million, equivalent to an aggregate payment of £6 million spread over 20 years.

The contribution for effective charges was made up of three items: the normal cost for six months of the year, including additional emoluments for Indian troops sanctioned in 1918, of 300,000 additional Indian troops, arranged on the basis of Indian Infantry Divisions, was estimated at R10·2 crores, it being assumed that it would be possible to disband this additional body of troops within six months on an average; the cost of additional emoluments sanctioned for Indian troops in 1918 in respect of our pre-war complement of 160,000 men was taken at R30 lakhs for six months of the year, it being assumed that these additional emoluments would be discontinued by the end of the six months; the cost of the Indian Defence Force for the whole of 1919-20 was taken at R30 lakhs. The necessity for maintaining garrisons of Indian troops in various territories under the occupation of His Majesty's Government, and the requirements of India in connection with the operations against Afghanistan and the tribes on the frontier, however, retarded the progress of demobilisation. The amount of the additional contribution for effective charges in 1919-20 was accordingly re-assessed on the following lines. From the strength of Indian troops in excess of our pre-war complement, which was maintained during the first six months of the current year, was deducted the number required by His Majesty's Government for post-war garrisons in occupied territories. The normal cost of the residual body of troops in the first six months of 1919-20 represented India's additional contribution for effective charges for the year. All expenditure incurred during the last six months of the year in connection with Indian troops employed overseas was to be paid by His Majesty's Government, which was also to bear the entire charges of all Indian troops kept up in India for maintaining the oversea garrisons. The entire charges of all other additional Indian troops in India was to be borne wholly by the Indian Government as forming part of the expenditure connected with the frontier operations. Under this arrangement, the amount of additional contribution payable to His Majesty's Government in respect of certain effective charges incurred in 1919-20 amounted to R765 lakhs, after correcting an overpayment made provisionally in 1918-19 in respect of the cost of temporary accommodation of Indian troops.

Under the latest re-assessment, the total amount of additional contribution payable with reference to the Resolution passed by the Legislative Council on the 10th September 1918, therefore, stood at £31·7 million made up of (1) £13·1 million for effective charges in 1918-19, (2) £5·1 million for effective charges in 1919-20, and (3) an aggregate payment of £13·5 million for non-effective charges spread over 20 years and corresponding to a capital sum of £9 million. Out of this total sum of £31·7 million, £13·6 million was credited to the Imperial Government in 1918-19 and the balance of £18·1 million remained to be paid.

On the 9th March 1920 the Legislative Council passed a resolution that, in view of the heavy expenditure in connection with the Afghan and frontier operations, the sum of £18·1 million still due to the Imperial Government on account of the additional contribution should be reduced by the cost of these operations. This cost is now estimated at about £17·3 million including expenditure to be adjusted in 1920-21. A sum of £800,000 will accordingly be paid to the Imperial Government in 1919-20 on account of the balance of the additional contribution, subject to re-adjustment on the closing of the accounts of the operations.

Of the sum of £13·6 million paid to the Imperial Government in 1918-19 on account of the additional contribution, £4 million will be treated as representing the capital value of all claims for extraordinary pensions of British troops and £5·37 million as the capital value of war pensions of Indian troops and

their British officers. As the latter pensions are disbursed by the Government of India, the sum of £5·37 million will, as a matter of convenience, be paid by the Imperial Government to the Government of India in 1919-20 and will be utilised by the latter in meeting the war pensions as they are paid from time to time.

214. Excluding the figures of additional war contribution, and the special receipt of £5·37 million mentioned above, the net Army expenditure, according to the Revised estimate for 1919-20, exceeds the Budget by £23,450,600. As the Budget included a reserve of ₹130·70 lakhs (£871,300), the actual extra expenditure for which no specific provision was made in the Budget is £24,321,900. Of this excess, £15,596,000, made up of £14,860,000 in India and £736,000 in England, represents the cost of the Afghan War and the operations against the tribes on the North-West Frontier; £195,000 represents a refund to the Imperial Government of certain amounts recovered from it on account of the war pensions of Indian troops, in addition to the sum of £5·37 million mentioned above; and £500,000 represents war pensions paid to Indian troops during 1919-20, out of the capital sum of £5·37 million. The balance of the excess to be accounted for is therefore £7,730,900, of which £6,489,600 (₹9,73,44,000) occurs in India and £1,241,300 at Home. *Revised, 1919-20.*

215. The important items contributing to the increase in India are :—

[Thousands of rupees.]

(I) Increase in pay and allowances already sanctioned, or likely to be sanctioned before the end of the year, for which no provision existed in the Budget :—		
(1) Payment of war gratuity to regular British officers and soldiers	4,20,00	
(2) Increased pay of British soldiers and miscellaneous British personnel	1,41,69	
(3) Increased pay of British officers, including children's allowance	77,77	
(4) Continuance of six-monthly bonus of Indian troops	40,00	
(5) Increased pay of Royal Army Medical Corps officers and other ranks, Indian Medical Service officers and Military Assistant Surgeons	19,99	
(6) Revised rates of pay, etc., of followers	11,30	
(7) Various other measures affecting Indian personnel (*e.g.*, war rewards to Indian officers and men, improved terms for reservists, temporary increases of pay to various Indian establishments)	8,25	
		7,19,00
(II) Additional formations and establishments sanctioned during the year for which no provision existed in the Budget :—		
(1) Additional animal transport units	25,00	
(2) Six Ford van companies	17,08	
(3) Mechanical transport workshops at Chaklala	15,00	
(4) Other measures (*e.g.*, additions to the cadre of officers of the Supply and Transport Corps and the Army Veterinary Service, establishment for Aircraft Depôt, etc.)	15,93	
		73,01
(III) Increased food charges		82,00
(IV) Increased expenditure connected with various Special Services, exclusive of the Afghan and North-West Frontier operations		39,52
(V) Increase in railway charges		30,00
(VI) Larger outlay on hire of transport		12,00
(VII) Larger purchase of petrol and local stores for Royal Air Force and Mechanical Transport		10,69
Total		9,66,22

Additional expenditure of smaller magnitude has also been incurred on the settlement of the clothing accounts of Indian troops, the equipment of British and Indian station hospitals, the provision of ammunition required for the practice of mobile artillery, and on travelling and incidental expenses; but it will be possible to meet a portion of this from various savings in Budget grants, and from increased receipts mostly from sale of stores.

Item I (1) represents the charge to Indian revenues on account of war gratuity, admissible under the Royal Warrant, in respect of service in India

during the war, to regular officers and soldiers of the British Army, and to British officers of the Indian Army, forming the permanent complement of the garrison of India. Items I (2) and I (3) represent the cost of the increased rates of pay which have been sanctioned with effect from 1st July 1919 for these officers and soldiers, and for the miscellaneous British personnel employed in India, in consequence of increases granted at Home. The six-monthly bonus of Indian troops referred to at item I (4) was sanctioned in 1918 to stimulate recruitment for the oversea forces; and so long as the bonus was paid for this specific purpose its cost was chargeable to His Majesty's Government. It has been decided to continue it, as a temporary arrangement, pending the settlement of the future organisation of the Indian Army, and its cost must now be met from Indian revenues.

In respect of item (III), the average cost of a soldier's ration and of feeding an animal in the Budget for 1919-20 was based on the prices prevailing about this time last year. The average prices during the year of most of the articles have, however, been higher, and the Budget is expected to be exceeded by R82 lakhs.

As regards item (IV), the cost of the Aden operations will exceed the Budget estimate by R17·02 lakhs. It has also been found necessary to continue the expenditure on some of the other special services (*e.g.*, port defence and coastal patrol, censors, etc.) beyond the dates on which they should have terminated according to Budget anticipations.

The rise in expenditure on railway charges and hired transport—items (V) and (VI)—is due to internal movements of troops and stores, which have been necessitated by the frontier operations. The larger outlay on petrol and local stores for the Air Force and mechanical transport units—item (VII)—has resulted from the necessity of maintaining these services in an efficient state of preparedness owing to the frontier operations.

216. The rise of £1,241,300 in the expenditure at Home, referred to in paragraph 214, mainly consists of an increase of £225,000 in voyage pay and furlough allowances of British forces serving in India; of £280,000 in furlough allowances of officers of the Indian Service; of £600,000 in the ordinary payments to the War Office on account of non-effective charges of British troops serving in India; and of £113,000 in other pensionary charges, chiefly on account of officers of the Indian Service.

Budget, 1920-21.

217. The India Army Budget Estimate for 1920-21 has not yet been worked out in detail. A sum of R60 crores (£40 million) has been allotted to meet the net expenditure under Military Services. Of this sum, R54,39·59 lakhs has been entered for the present under the "Army" head, made up of R40,85·46 lakhs in India and R13,54·13 lakhs (£9,027,500) in England. These figures include respectively R123 lakhs and £80,000 on account of war pensionary charges of Indian troops and their British officers, which will be paid from the capital sum of £5·37 million received from the Imperial Government.

XXXIII AND 46-A.—MARINE.

		Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	1920-1921, Budget.
EXPENDITURE.							
India	R	40,85,438	67,45,164	81,72,523	62,40,000	62,55,000	74,28,000
Equivalent in sterling	£	272,362	449,678	544,835	416,000	417,000	495,200
England	£	421,318	358,146	582,811	815,600	855,000	493,900
Total	£	693,680	807,824	1,127,646	1,231,600	1,272,000	989,100
RECEIPTS.							
India	R	54,75,072	48,32,333	60,86,575	44,85,000	41,30,000	24,15,000
Equivalent in sterling	£	365,005	322,155	405,772	299,000	275,300	161,000
England	£	22	...	...	...	...	...
Total	£	365,027	322,155	405,772	299,000	275,300	161,000
NET EXPENDITURE	£	328,653	485,669	721,874	932,600	996,700	828,100

218. The increase of £64,100 in the net expenditure in 1919-20 is made up of increases in expenditure of £1,000 in India and of £39,400 at Home and of a reduction of £23,700 in receipts. *Revised, 1919-20, compared with Budget, 1919-20.*

The increase at Home is due chiefly to higher cost of construction of vessels, to repairs to the R. I. M. S. *Hardinge*, and to larger expenditure on furlough pay. The small increase in India is the result of variations explained below. A sum of £120,000 (net), which was provisionally charged to the Marine head in the accounts of 1918-19, will be transferred to the war account for recovery from His Majesty's Government in 1919-20. The consequent reduction in Marine expenditure will, however, be more than counterbalanced by the payment of bonuses and war gratuities to officers and warrant officers, revision of grade pay of officers, temporary revision of pay of clerks, and other items of unavoidable expenditure, for which no provision existed in the Budget.

The reduction in receipts is due to smaller recoveries for imported stores used in connection with services for His Majesty's Government.

219. A sum of £828,100 has been provisionally entered under this head in the Budget for 1920-21, out of the total grant of £40 million for net expenditure on Military Services. *Budget, 1920-21.*

XXXIV and 47—MILITARY WORKS.

		Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	1920-1921, Budget.
ORDINARY.							
EXPENDITURE.							
India . .	R	1,77,00,844	1,88,75,030	2,65,70,906	1,45,85,000	2,38,00,000	
Equivalent in sterling .	£	1,180,056	1,225,002	1,771,394	972,400	1,586,700	
England .	£	48,847	28,020	17,747	5,000	80,000	
TOTAL	£	1,228,903	1,253,022	1,789,141	977,400	1,666,700	
RECEIPTS.							
India . .	R	14,31,014	14,16,355	15,26,377	12,60,000	14,10,000	
Equivalent in sterling .	£	95,401	94,424	101,758	84,000	94,000	
England .	£	...	...	...	...	...	
TOTAL	£	95,401	94,424	101,758	84,000	94,000	
Net expenditure, Ordinary .	£	1,133,502	1,158,598	1,687,383	893,400	1,572,700	
SPECIAL DEMANDS.							
EXPENDITURE.							
India . .	R	51,31,599	87,71,003	1,61,16,817	1,20,85,000	2,37,07,000	
Equivalent in sterling .	£	342,107	584,733	1,074,454	805,600	1,580,400	
England .	£	23,528	23,354	31,676	38,000	89,200	
TOTAL, SPECIAL DEMANDS .	£	365,635	608,087	1,106,130	843,600	1,669,600	
TOTAL NET EXPENDITURE	£	1,499,137	1,766,685	2,793,513	1,737,000	3,242,300	2,908,000

Revised, 1919-20, compared with Budget, 1919-20.

220. *Expenditure.—Ordinary Demands.*—These show a considerable increase—R103·40 lakhs (£689,300)—which is due to a great extent to more rapid progress necessitated by the frontier operations on certain works of permanent utility; and to the construction, for similar reasons, of certain works of the same class, for which no provision was made in the Budget. The most important items of this class are: the provision of accommodation for the Royal Air Force in India, including the construction of aerodromes and of buildings for the air craft depôt at Karachi, which will cost R16·30 lakhs; and the construction, at a cost of R6·22 lakhs, of certain works in connection with the Mechanical Transport Stores Depôt at Chaklala. The excess is also partly caused by further expenditure on ordnance, clothing and other factories (R7·29 lakhs); outlay on certain works undertaken in consequence of the local disturbances in the Punjab (R6·47 lakhs); provision of temporary accommodation and furniture for the school of musketry at Rawalpindi, (R3·76 lakhs); and outlay on lines of Indian units which used to be maintained from the hutting grant in the Army estimates (R3·25 lakhs).

Special Demands.—Here, too, a considerable increase is anticipated, *viz.*, of R1,23·90 lakhs (£826,000) over the Budget allotment of R1,26·55 lakhs (£843,600), mostly for reasons similar to those mentioned in the case of ordinary works. Outlay on frontier roads will exceed the Budget grant (*viz.*, R35 lakhs) by about R27 lakhs. The provision of accommodation for families of British units arriving from England will cost R21·27 lakhs. R13·78 lakhs will be required in connection with buildings for mechanical transport workshops at Chaklala; R16·5 lakhs for the base supply depôt at Lahore; and R5·50 lakhs in excess of budget provision for works required for the cantonment at Manzai. Electrical installations at cantonments and hospitals account for about R5 lakhs; improvements and extensions in the Rawalpindi Arsenal, about R5 lakhs; military works in connection with the Tank-Murtaza Railway, R4·8 lakhs; improvements to the water-supply arrangements of the Lahore Cantonment, R3·83 lakhs; works in connection with the new cantonment at Delhi, R3 lakhs; provision of detraining and railhead facilities at Jamrud and Chaman, R2·5 lakhs; construction and improvement of lines of Indian troops (including transport units), R2·6 lakhs; works in various ordnance and clothing factories, R2·5 lakhs; installation of ice plants at various places, R2·75 lakhs; reconstruction of the medical store depôt, Bombay, R2 lakhs; extension of the grain supply depôt at Lahore, R1·68 lakhs; provision of quarters for married officers at Quetta, R1·4 lakhs; workshops at Peshawar and Quetta, R1·6 lakhs; and the works required for the base at Kohat, R1·7 lakhs.

Budget, 1920-21.

221. A sum of £2,908,000 has been allotted under this head in the Budget for 1920-21 out of the total grant of £40 million for net expenditure on Military Services.

47A.—SPECIAL DEFENCES.

Expenditure.		Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920. Budget.	1919-1920. Revised.	1920-1921, Budget.
India	R	2,10,806	1,32,213	...	...	...	...
Equivalent in Sterling	£	14,054	8,814	...	...	...	...
England	£	4,482	—8,001	...	...	...	...
Total	£	18,536	813	...	...	..	...

222. This head has been closed with effect from 1st April 1918.

MILITARY SERVICES: SUMMARY.

		Accounts, 1916-1917.	Accounts, 1917-1918.	Accounts, 1918-1919.	1919-1920.		1920-1921, Budget.
					Budget.	Revised.	
EXPENDITURE—							
India . .	R	31,04,26,623	36,49,35,010	61,92,01,119	53,65,13,000	75,91,87,000	4[illegible],40,76,000
Equivalent in Sterling .	£	20,695,108	24,329,001	41,280,074	35,767,500	50,612,400	31,605,100
England .	£	5,871,649	6,434,649	5,550,136	7,014,800	9,479,200	9,914,400
Total Expenditure	£	26,566,757	30,763,650	46,830,210	42,782,300	60,091,600	41,519,500
RECEIPTS—							
India . .	R	1,86,76,648	2,16,[illegible]0,838	3,12,50,867	1,96,[illegible]2,000	2,21,35,000	1,86,22,000
Equivalent in Sterling .	£	1,245,110	1,440,056	2,083,391	1,312,800	1,4[illegible]5,600	1,241,500
England .	£	330,836	280,453	266,581	274,500	5,666,000	278,000
Total Receipts .	£	1,575,946	1,720,509	2,349,972	1,587,300	7,141,600	1,519,500
NET EXPENDITURE	£	24,990,811	29,043,141	44,480,238	41,195,000	52,950,000	40,000,000

223. The Budget estimate for the current year included a provision of £8,695,000 for the payment to His Majesty's Government of an additional war contribution for effective and non-effective charges. The Revised estimate includes only £800,000 for this purpose, and it takes into account a net receipt of £4,[illegible]7[illegible],000 from the Imperial Government for payment of war pensionary charges of Indian troops and their British officers. Apart from this special payment and special receipt, the Revised estimate of net expenditure in 1919-20 exceeds the Budget by £24,025,000. Of this excess, £15,596,000 is due to special expenditure connected with the Afghan War and the operations on the North-West Frontier; and the balance of £8,429,000 has been explained in the foregoing paragraphs.

224. For the ensuing year, £40 million has been fixed as the grant for net expenditure on Military Services.

TRANSFERS BETWEEN IMPERIAL AND PROVINCIAL.

	Accounts, 1916-17.	Accounts, 1917-18.	Accounts, 1918-19.	1919-20. Budget.	1919-20. Revised.	Budget, 1920-21.
Transfers from Imperial to Provincial—						
1. (*a*) Recurring assignments under the terms of the Provincial Settlements, including permanent additions subsequently made to them, with the exception of special recurring grants for Education and Sanitation	1,42,62,000	1,42,22,000	1,43,77,000	1,43,96,000	1,57,96,000	1,57,47,000
(*b*) Net recurring assignments from Provincial to Imperial in connection with the taxation schemes of 1916 and 1919	—91,90,000	—1,34,68,000	—1,57,44,000	—1,25,47,000	—1,94,51,000	—2,29,73,000
2. Special recurring grants for—						
(*i*) Education	1,14,80,000	1,43,40,000	1,71,90,000	1,72,65,000	1,72,26,000	1,72,26,000
(*ii*) Sanitation	36,73,000	36,73,000	36,73,000	36,73,000	36,73,000	36,73,000
3. Grant for technical and agricultural education	...	...	30,00,000	...	27,54,000	2,30,000
4. Assignments in connection with the scheme for the incidence of famine relief expenditure (*vide* paragraph 54 of Financial Statement for 1907-08)	14,78,000	...	...	...	...	...
5. Non-recurring grants—						
(*i*) Under the terms of the Provincial settlements	...	...	33,79,000	...	...	...
(*ii*) For Education	2,66,000	3,45,000	3,36,000	38,000	2,87,000	39,000
(*iii*) For Sanitation	2,67,000	4,55,000	6,00,000	...	3,35,000	...
(*iv*) For medical relief, agriculture and allied objects	...	23,20,000	2,30,000	...	...	...
(*v*) Other items	22,05,000	14,97,000	69,96,000	42,05,000	60,25,000	31,15,000
Total Transfers	2,44,41,000	2,33,64,000	3,40,37,000	2,70,30,000	2,66,45,000	1,70,57,000

(*a*) *Recurring assignments excluding special grants for Education and Sanitation.*

Revised, 1919-20.

225. The increase of R14 lakhs in the Revised estimate of the current year as compared with the Budget is made up as follows :—

(Lakhs of rupees.)

(1) Assignments to Provincial revenues in connection with the revised method of apportionment of railway police charges under which the cost of crime and order establishments will be borne entirely by Government and that of watch and ward by railway companies	+9·33
(2) Increase in the Punjab Government's share of sale-proceeds of sites for shops and residences in certain towns in that province (these receipts are credited in the Imperial section of the accounts, but the local Government is entitled to a moiety)	+5·16
(3) Reduction in assignment to Madras in connection with the remission of the village service cess in proprietary estates due to slower progress in the resumption of *inam* lands of village servants	—·56
(4) Minor adjustments of a recurring nature	+·07
Total	+14·00

226. The Budget estimate for 1920-21 is less than the Revised for the current year by ₹49,000. The decrease is due to the following causes :— *Budget, 1920-21.*

	Lakhs of rupees.
(1) Decrease in the Punjab Government's share of sale-proceeds of town sites	−2·37
(2) Increase in assignment to Madras in connection with the remission of the village service cess in proprietary estates, due to progress in the resumption of *inam* lands of village servants	+1·09
(3) Petty adjustments of a recurring nature	+·79
Total	−·49

(*b*) *Recurring assignments from Provincial to Imperial in connection with the taxation schemes of 1916 and 1919.*

227. The estimates under this head comprise (*i*) transfers to Imperial of the Provincial share of the additional revenue attributable to the revision of income-tax rates introduced in 1916 for Imperial purposes, and (*ii*) assignments from Imperial to make good the Provincial share of the loss of income-tax revenue owing to the remission of the tax on incomes below ₹2,000 and in respect of amounts paid as excess profits duty. The increase in the assignments is distributed among the Provinces as follows :— *Revised, 1919-20.* *Budget, 1920-21.*

	Lakhs of rupees.	
	1919-20.	1920-21.
Madras	+10·25	−8·50
Bombay	+31·36	+7·13
Bengal	+20·84	+29·00
Punjab	−4·87	+1·53
Burma	+9·52	+4·01
Bihar and Orissa	−·13	+·39
Central Provinces	+1·82	+1·86
Assam	+·25	−·25
Total	+69·04	+35·22

(*c*) *Special recurring grants for Education.*

228. The decrease of ₹39,000 in the Revised estimate for 1919-20 as compared with the Budget is the net result of (*a*) the resumption of a grant of ₹40,000 from the Punjab in consequence of the transfer of the Lawrence Military Asylum, Sanawar, to the control of the Army Department and (*b*) an assignment of ₹1,000 to Bombay in connection with an institution for married Hindu ladies. *Revised, 1919-20.*

(*d*) *Grant for technical and agricultural education.*

Revised, 1919-20.

229. The allotments to provinces during the current year have been as follows:—

	Lakhs of rupees. Technical education.	Agricultural education.
Madras	1·25	2·25
Bombay	2·90	3·47
Bengal	·10	·75
United Provinces	2·55	3·27
Punjab	1·90	2·62
Burma	1·50	2·00
Bihar and Orissa	1·50	...
Central Provinces	·55	·63
Assam	·30	...
	12·55	14·99

230. The balance of the grant of ₹30 lakhs has been included under the head Education in the Revised estimates for 1919-20.

Budget, 1920-21.

231. Of the allotments mentioned above, ₹1,95,000 for technical and ₹35,000 for agricultural education represent recurring assignments to Provincial revenues and have been shown as such in the Budget estimates for next year. Provision for the balance of the appropriation of ₹30 lakhs has been made under the head Education.

(*e*) *Non-recurring assignments for Education.*

Revised, 1919-20.
Budget, 1920-21.

232. The following contributions will be paid for Provincial expenditure from the undistributed balance of the recurring appropriation of ₹184 lakhs made from Imperial revenues in recent years for expenditure on education (exclusive of the ₹30 lakhs grant for technical and agricultural education):—

	Lakhs of rupees. 1919-20.	1920-21.
(1) Contribution in aid of research work by Dr. Sir J. C. Bose	1·38	·38
(2) Grant to the Hindu University, Benares	1·00	...
(3) Grant to the Nagri Prachariui Sabha (United Provinces)	·02	...
(4) Contribution for the Government training class at Sanawar (in the Punjab)	·47	...
(5) Contribution on account of the transfer of Sir Harcourt Butler School, Simla, to the Punjab Government	...	·01
Total	2·87	·39

(*f*) *Non-recurring grants for Sanitation.*

Revised, 1919-20.

233. The following allotments have been sanctioned during the current year from the undistributed balance of the special recurring appropriation of ₹51 lakhs made from Imperial revenues in recent years for the improvement of sanitation :—

	Lakhs of rupees.
(1) To Bihar and Orissa for Puri water works and sanitary improvements	3·00
(2) To Madras in connection with the manufacture of anti-influenza vaccine	·35
Total	3·35

(*g*) *Miscellaneous non-recurring grants.*

234. The following are the details of the miscellaneous non-recurring grants which will be given in the two years:— *Revised, 1919-20. Budget, 1920-21.*

	Lakhs of rupees. 1919-20.	1920-21.
(1) Contribution to meet provincial expenditure in Burma and Assam in connection with the administration of the North-East Frontier . .	19·73	26·63
(2) Contribution towards the cost of Kuki operations in Burma and Assam	13·82	...
(3) Contribution towards expenditure on war boards in various provinces	2·72	1·80
(4) Contribution to the Punjab for the construction of road bridges over the Chenab and Phalkhu rivers at Wazirabad	5·75	3·00
(5) Assignments to several provinces to meet the cost of provincial Directors of Civil Supplies . .	6·14	·36
(6) Assignment to Bihar and Orissa for the European Lunatic Asylum at Ranchi	·31	1·22
(7) Yearly instalments of the contribution to the Calcutta Improvement Trust for a period of 60 years from 1911-12	1·50	1·50
(8) Grant to the Chittagong Port in aid of dredging and revetment operations and for the purchase of a dredger	12·00	...
(9) Grant to the United Provinces for tank restoration works, out of the special provision made in the Imperial Budget under Minor Irrigation Works for the improvement of irrigation . . .	·60	...
(10) Assignment to Madras for a period of five years on account of a sugarcane station . . .	·44	·44
(11) Further assignment to Bihar and Orissa in respect of High Court buildings at Bankipur . .	·89	·08
(12) Assignments from Provincial revenues in connection with the change in classification of the cost of a portion of the public works accounts establishment	—3·88	—3·88
(13) Miscellaneous adjustments, representing mainly refund of expenditure undertaken on behalf of the Imperial Government or of Provincial revenue erroneously credited as Imperial . ..	·23	...
Total .	60·25	31·15

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION AND OTHER WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

Revised, 1919-20.

235. In the Budget for 1919-20, a sum of ₹26·55 crores was allotted for capital expenditure on railways for which the Government of India undertake financial responsibility. The expenditure of the year is now estimated at ₹14,80·20 lakhs or ₹11,74·80 lakhs less than the Budget estimate. The decrease is due partly to the failure of English supplies and partly to the credit to the railway capital account of gain by exchange. For 1920-21 a grant of ₹21,97·64 lakhs has been provided.

Budget, 1920-21.

236. The distribution of the total capital expenditure between State and Companies' Railways in each of the three years from 1918-19 to 1920-21 is as follows:—

		1918-1919. Accounts.	1919-1920. Budget.	1919-1920. Revised.	1920-1921. Budget.
1. 48.—State Railways—Construction.					
(*a*) India	₹	6,33,80,361	13,59,00,000	14,62,18,000	22,15,60,000
	£	4,225,357	9,060,000	9,747,900	14,770,700
(*b*) England	£	632,142	7,310,500	3,243,700	4,105,600
Total	£	4,857,499	16,370,500	12,991,600	18,876,300
2. Capital Account of Indian Railway Companies.					
(*a*) India	₹	—1,86,45,440	—2,88,07,000	—3,54,55,000	—5,26,24,000
	£	—1,243,029	—1,920,500	—2,363,700	—3,508,300
(*b*) England	£	540,043	3,250,000	3,299,200	5,779,500
Total	£	—702,986	1,329,500	935,500	2,271,200
Total of Programme	£	4,154,513	17,700,000	13,927,100	21,147,500
Deduct.—Gain by exchange		...	...	4,059,100	6,496,600
Net	£	4,154,513	17,700,000	9,868,000	14,650,900

The following outlay in England on account of purchased lines worked by Companies is included in the Indian figures under outlay on State lines:—

	£	871,953	7,439,500	5,851,800	8,252,900

237. The details of the Budget grant for 1920-21 by Railways are shown below :—

[Lakhs of rupees.]

	Open Lines.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
I. 48.—State Railways—Construction—					
State Railways—					
1. North-Western :—					
(i) Main line	3,59·39	1,79·85	5,39·24	...	...
(ii) Laki-Pezu Tank	...	0·10	0·10	...	...
(iii) Nushki-Dalbandin	...	4·00	4·00	...	...
(iv) Dalbandin-Mirjawa	...	...	...	18·00	...
(v) Tank Murtaza Extension	...	...	...	3·55	...
2. Eastern Bengal System :—					
Open line	1,92·79	46·38	2,39·17	...	...
3. Oudh and Rohilkhand :—					
Main line	64·59	25·02	89·61	...	...
4. Jodhpur-Hyderabad (British Section)	...	7·32	7·32	...	...
Remittance lines.					
5. Assam-Bengal :—					
(i) Open line (including Land)	77·07	36·31	1,13·38	...	...
(ii) Bhairab Bazar-Tangi (Open Section)	...	0·45	0·45	...	...
(iii) " " " (Re-alignment at Bhairab-Bazar).	...	0·26	0·26	...	...
6. Bengal-Nagpur :—					
(i) Main line	4,42·14	78·33	5,20·47	...	...
(ii) Parvatipur-Singapur Road	...	...	...	0·15	...
(iii) Onlajori-Badampahar Branch	...	...	...	5·00	...
(iv) Amda-Jamda	...	...	...	25·00	...
(v) Vizagapatam Harbour	...	...	...	...	10·00
7. Bezwada Extension	...	0·35	0·35	...	...
8. Bombay, Baroda and Central India :—					
Main line	1,21·83	93·36	2,15·19	...	...
Dholka-Dhandoka	...	...	...	...	14·50
9. Burma Extensions :—					
(i) Open line	2·73	1·61	4·34	...	...
(ii) Southern Shan States	2·62	0·39	3·01	4·92	...
10. Dhone-Kurnool	...	0·05	0·05	...	...
11. East Indian :—					
Open line	2,11·19	90·68	3,01·87	...	...
Kasta Branch	...	...	...	12·13	...
12. Great Indian Peninsula System :—					
(i) Main line	1,30·27	1,97·35	3,27·62	...	...
(ii) Itarsi-Nagpur, etc.	...	...	...	10·00	...
(iii) Agra-Delhi Chord	...	4·50	4·50	...	...
(iv) Bhopal State	...	0·80	0·80	...	...
(v) Cawnpur-Banda	...	1·20	1·20	...	...
13. South Indian System—					
(i) Main line	1,05·14	39·53	1,44·67	...	...
(ii) Coonoor-Ootacamund	3·77	0·97	4·74	...	...
(iii) Tinnevelly-Quilon—British Section	5·96	1·02	6·98	...	...
(iv) Do. Indian State Section	6·91	0·02	6·93	...	...
14. Tirhoot and extensions :—					
Open line	18·37	—1·82	16·55	...	...
15. Undistributed reserve for lines in progress and new lines	...	...	...	3·00	70·00
16. Reserve for open lines	...	97·40	97·40	...	...
	17,44·77	9,05·43	26,50·20	86·75	94·50
II.—Capital Account—Outlay of Indian Railway Companies :—					
1. Burma	61·09	36·62	97·71	...	...
2. Lucknow-Bareilly	...	—23·66	—23·66	...	...
3. Madras and Southern Mahratta :—					
Open line	1,84·52	82·11	2,66·63	...	...
	2,45·61	95·07	3,40·68	...	...
Total	19,90·38	10,00·50	29,90·88	86·75	94·50
Deduct—Gain by exchange	...	...	9,74·49	...	...
Net	...	...	20,16·39	86·75	94·50

The bulk of the programme grant for 1920-21 will be devoted to the improvement of open lines of railway.

238. The following table compares the allotments made for open lines and lines under construction in 1920-21 with figures for previous years from 1916-17 :—

—	1916-17.	1917-18.	1918-19.	1919-20, Revised.	1920-21, Budget.
	£	£	£	£	£
(1) Open lines including rolling stock.	1,236,500	1,595,200	3,826,300	13,495,100	19,939,200
(2) Lines under construction—					
(*a*) Started in previous years	245,700	129,200	322,900	375,300	578,300
(*b*) Started in current year.	496,500	804,900	5,300	56,700	630,000
Total .	1,978,700	2,529,300	4,154,500	13,927,100	21,147,500
Deduct—Gain by exchange .	...	...	...	*—4,059,100*	*—6,496,600*
Net .	1,978,700	2,529,300	4,154,500	9,868,000	14,650,900

239. The figures in the table in paragraph 236 do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor that on Branch Line Companies. Including this outlay, and also some small expenditure from Provincial revenues, the total outlay on railway construction in the three years ending 1920-21 is as follows :—

	Accounts, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	₹	₹	₹
Total as in table in paragraph 236 .	6,23,17,696	14,80,20,000	21,97,64,000
Famine Protective lines . . .	—286	...	...
Branch lines	18,04,554	19,48,000	20,03,000
Provincial State lines	80,642	89,000	60,000
Grand total in rupees .	6,42,02,606	15,00,52,000	22,18,27,000
Grand total in sterling at ₹15 to the £ .	£4,280,174	10,003,500	14,788,500

240. The following table shows the capital outlay on all State lines up to the end of each year from 1916-17, and the net return obtained after deducting working expenses and interest charges :—

(Capital and profit figures in thousands of pounds.)

—	1916-17.	1917-18.	1918-19.	1919-20, Revised.	1920-21, Budget.
Capital at charge at end of each year.	365,483	366,463	369,213	377,653	390,782
Working profit from railways excluding interest charges.	21,148	24,024	24,646	21,477	21,567
Percentage of same to capital outlay.	5·79	6·55	6·68	5·69	5·52
Final working profit after meeting interest charges.	7,482	9,914	10,568	7,017	6,491
Percentage of same to capital outlay.	2·05	2·70	2·86	1·86	1·66

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

241. The figures are—

	Accounts, 1918-19.	Budget, 1919-20.	Revised, 1919-20.	Budget, 1920-21.
Total in Rupees	35,50,823	65,00,000	35,39,000	86,31,000
Equivalent in Sterling	236,722	433,300	235,900	575,400

Revised, 1919-20.

242. The expenditure in 1919-20 is expected to fall short of the Budget by R29·61 lakhs. There will be a lapse of about R14 lakhs in the allotments for works in operation owing to the postponement of works on the Upper and Lower Chenab Canals in the Punjab and the Upper Swat and Kabul River Canals in the North-West Frontier Province, larger sales of tools and plant to the Military Department in these provinces, and credits on account of acreage rate recoveries on the Triple Canals in the Punjab; partly set off by increased outlay on the permanent headworks of the Ganges Canal in the United Provinces as the credits assumed in the Budget for the sale of tools and plant have not been realised in the current year in consequence of delay in the completion of the works. There will also be a lapse of about R8 lakhs in the grant for works under construction, due to the curtailment of works on the Mahanadi and other canals in the Central Provinces and the Ye-u Canal in Burma owing to scarcity of labour and materials, and an adjustment in the latter province on account of depreciation, hire and other charges for a dredger lent to the Military Department. The reserve provision of R6,31,000 included in the Budget will lapse, and a credit of R1,08,000 will accrue from gain by exchange on Home outlay.

Budget, 1920-21.

243. The Budget grant for 1920-21 has been fixed at R86·31 lakhs or about R51 lakhs more than the probable expenditure in 1919-20, after due consideration of the requirements of the various canals under construction, most of which are nearing completion. The following table shows the distribution of expenditure in 1919-20 and the grant for 1920-21 :—

Name of Project.	Expenditure in 1919-20.	Expenditure in 1920-21.
Works in operation—	R	
Upper Swat River Canal	2,85,000	2,12,000
Cauvery Delta System	89,000	1,19,000
Godavari Delta System	1,12,000	1,71,000
Kistna Delta System	44,000	61,000
Divi Pumping Project	10,000	1,17,000
Séharwah Canal	51,000	62,000
Jamrao Canal	71,000	87,000
Eastern Nara Works	1,21,000	1,49,000
Dun Canals	59,000	97,000
Ganges Canal, including Mat and Hathras branches and permanent headworks	4,03,000	—3,84,000
Bijnor Canals	63,000	56,000
Western Jumna Canal	1,19,000	70,000
Upper Bari Doab Canal	70,000	2,00,000
Sirhind Canal	1,20,000	2,00,000
Lower Chenab Canal	2,00,000	5,00,000
Lower Jhelum Canal	2,40,000	4,00,000
Upper Jhelum Canal	—3,10,000	41,000
Upper Chenab Canal	60,000	2,00,000
Lower Bari Doab Canal	1,00,000	1,00,000
Mon Canals	45,000	2,81,000
Twante Canal	—2,04,000	6,000
Works under Construction—		
Mahiwah Canal	15,000	62,000
Sarda Kichha Feeder Canal	50,000	15,00,000
Toludur Project	2,10,000	2,75,000
Ye-u Canal	3,15,000	3,01,000
Mahanadi Canal	9,55,000	11,40,000
Wajn Ganga Canal	1,76,000	...
Other Projects	2,23,000	4,57,000
Reserve Provision	...	24,11,000
Gain by Exchange on English outlay	—1,08,000	—1,69,000
TOTAL R	35,39,000	86,31,000
Equivalent in Sterling £	235,900	575,400

Of the total grant of ₹86 lakhs, about ₹27 lakhs will be allottod to canals under construction; ₹36 lakhs are required for the completion and development of canals in operation, and a sum of ₹24 lakhs will be held in reserve to meet outlay on projects under consideration and unforeseen requirements. On the other hand, a credit of ₹1½ lakhs will accrue form gain by exchange on outlay in England. An allotment of ₹15 lakhs has been made during the ensuing year for the new Sarda Kichha Feeder canal project.

244. The figures mentioned above do not include expenditure on Protective Irrigation Works, whether financed from the Famine Insurance grant or from ordinary revenues outside that grant. Including this outlay, and also some small expenditure on works which were orginally classed as productive but have since ceased to belong to that class, the total outlay on the construction of irrigation works in the three years ending 1920-21 is as follows :—

	Accounts, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	₹	₹	₹
Outlay on Productive Irrigation Works	35,50,823	35,39,000	86,31,000
Outlay on Protective Irrigation Works met from Famine Insurance grant.	46,20,312	53,52,000	51,32,000
Other outlay from ordinary revenues	1,75,103	8,000	56,000
Total ₹	83,46,238	88,99,000	1,38,19,000
Equivalent in Sterling £	556,416	593,500	921,300

245. The financial position of our great irrigation undertakings may be gathered from the following table which brings up to date the information given in connection with previous Financial Statements. The figures are in thousands of pounds :—

Particulars.	1916-17.	1917-18.	1918-19.	1919-20 (Revised).	1920-21 (Budget).
1	2	3	4	5	6
Productive Works.					
Capital outlay to end of each year	37,120	37,497	37,688	37,924	38,503
Total receipts including land revenue due to irrigation.	4,733	4,660	4,938	5,401	5,470
Total expenses including interest on debt.	2,488	2,613	2,645	2,753	2,707
Net profit	2,245	2,047	2,293	2,648	2,763
Percentage of net profit to capital outlay.	6·05	5·46	6·08	7·00	7·17
Protective Works.					
Capital outlay to end of each year	6,166	6,495	6,803	7,160	7,502
Total receipts including land revenue due to irrigation.	105	99	105	146	155
Total expenses including interest on debt.	276	307	318	335	348
Net loss	171	208	213	189	193
Percentage of net loss to capital outlay.	2·77	3·20	3·13	2·64	2·57
Minor Works and Navigation.					
Direct receipts	317	304	308	296	321
Expenditure	781	861	973	1,137	1,331
Net loss	464	557	670	841	1,010

INITIAL OUTLAY ON THE NEW CAPITAL AT DELHI.

246. The figures are :—

	Accounts, 1918-19.	Budget, 1919-20.	Revised, 1919-20.	Budget, 1920-21.
Total in Rupees . . .	42,86,896	45,00,000	50,07,000	1,10,36,000
Equivalent in Sterling . . £	285,793	300,000	333,800	735,800

Revised, 1919-20.

247. The expenditure in the current year will amount to ₹50 lakhs or ₹5 lakhs more than the Budget. The distribution of the expenditure now anticipated is as follows :—

	(In lakhs of ₹)
(1) Works Expenditure	45·85
(2) Establishment and miscellaneous charges . . .	5·15
(3) *Deduct*—Gain by exchange on outlay in England . .	—·93
Total .	50·07

Of the works expenditure about ₹4 lakhs are being spent on preliminary work; ₹4 lakhs on the purchase of tools and plant and other stores; about ₹12 lakhs on sanitation, etc.; about ₹21 lakhs on work on the Government House and the Secretariat and the construction of certain residential and other buildings; and about ₹5 lakhs on the maintenance of works during construction.

Budget, 1920-21.

248. The provisional distribution of the Budget estimate of ₹1,10 lakhs in 1920-21 is given below—

	(In lakhs of ₹)
(1) Works expenditure	1,12·46
(2) Establishment and miscellaneous charges . . .	7·54
(3) *Deduct*—Gain by exchange on outlay in England . .	—9·64
Total .	1,10·36

Of the grant of ₹1,12 lakhs for works outlay, ₹10 lakhs will be devoted to preliminary work and the further purchase of tools and plant and other stores. A sum of ₹22 lakhs will be spent on sanitation; ₹15 lakhs on electric light and power; ₹8 lakhs on irrigation; ₹4 lakhs on communications; ₹7 lakhs on the maintenance of works during construction, and ₹46 lakhs will be applied mainly to work on the Government House and the Secretariat and the construction of residential and other buildings.

WAYS AND MEANS.

HOME TREASURY.

249. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues; and if such payments represented the only transactions, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing and a large portion of the money required has, when practicable, been raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them and paid into the Home treasury, are brought to account under the appropriate heads in this country, and are treated in the Home accounts and estimates as remittances to or from India, respectively. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home treasury without affecting ordinarily the general Ways and Means programme.

250. The items mentioned in the preceding paragraph constitute the bulk of the transactions of the Home treasury in normal years. The conditions created by the war have however led to certain abnormal transactions which have affected the Ways and Means position to a continually increasing extent from 1915-16 onwards. Large sums are being received in England from the Imperial Government in repayment of expenditure incurred on their behalf in India. These indirect remittances from India have very largely increased the resources of the Home treasury and reduced the need for direct remittances by Councils to finance its requirements.

251. The following are the details of the transactions appearing in the Budget and Revised estimates of the Home treasury for 1919-20 and in the Budget estimate of 1920-21.

	Budget, 1919-20.	Revised, 1919-20.	Budget, 1920-21.
Receipts.			
Capital raised and deposited by Railway Companies—	£	£	£
For Capital outlay	22,000	97,100	62,000
*For discharge of debentures	3,576,400	...	4,071,900
Deposits and Advances—			
Gold Standard Reserve	39,303,800	26,350,200	48,126,300
*Paper Currency Reserve	108,295,100	154,430,500	175,968,400
*Consols Depreciation Fund	274,900	40,200	165,400
*War transactions: Recoveries from War Office	400,000	1,927,200	300,000
Special Reserve	6,940,000	12,056,900	...
Other items	360,700	2,515,400	2,282,400
Remittance Account between England and India—			
Railway transactions (capital)	510,000	...	500,000
Ditto (capital advance)	7,000	10,000	7,000
War transactions: Recoveries from War Office	40,650,000	63,712,000	35,300,000
„ recoveries from other authorities	1,667,000	1,147,700	1,230,000
Transfer to Home Treasury from Paper Currency Reserve	...	10,150,000	...
Other transactions	5,021,000	5,611,700	2,982,400
Total Receipts, excluding Council Bills and Loans	207,527,900	278,048,900	271,015,800
Disbursements.			
Excess of Expenditure over Revenue	21,570,400	18,374,100	25,566,300
Capital Expenditure not charged to Revenue—			
Outlay on State Railways, Irrigation Works and Delhi	7,392,300	3,280,900	4,267,500
Outlay of Railway Companies	3,272,000	3,396,300	5,841,500
*Payments to Railway Companies for discharge of debentures	3,576,400	453,000	4,071,900
Permanent Debt discharged	8,900,000	8,796,000	...
Deposits and Advances—			
Gold Standard Reserve	39,303,800	32,365,500	48,126,300
*Paper Currency Reserve	108,295,100	154,430,500	175,968,400
*Consols Depreciation Fund	274,900	48,400	165,400
Special Reserve	...	5,117,300	...
*War transactions—outlay recoverable from War Office	400,000	1,907,000	300,000
Other transactions	1,197,200	2,367,700	2,647,200
Remittance Account between England and India—			
Railway transactions (capital)	510,000	115,000	500,000
Ditto (capital advance and revenue)	7,495,100	5,910,300	8,358,300
War transactions—outlay recoverable from War Office	1,650,000	3,514,000	300,000
Purchase of silver	12,000,000	6,960,000	...
Purchase of gold	...	29,171,700	5,750,000
Sterling Transfers on London	...	24,724,000	...
Other transactions	6,222,200	9,998,100	6,488,000
Total Disbursements	222,059,400	310,924,800	288,366,800
Net Disbursements	14,531,500	32,875,900	17,350,500
Financed as follows—			
Council Bills	12,250,000	31,226,200	8,375,000
Reduction of cash balance	2,281,500	1,649,700	8,975,500
Total	14,531,500	32,875,900	17,350,500
Opening Balance	(a)13,200,600	(b)14,715,800	(c) 13,066,100
Closing Balance	(a)10,919,100	(b)13,066,100	(c) 4,090,600

*The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and corresponding disbursement in each case are generally equal, they do not affect the Ways and Means of the year to any material extent.

(a) Of these amounts £6,000,700 represents funds of the Gold Standard Reserve.
(b) Of these amounts £6,015,099 and £400 represent funds of the Gold Standard Reserve.
(c) Of these amounts £400 represents funds of the Gold Standard Reserve.

Revised, 1919-20.

252. The table in paragraph 251 shows that there will be a net disbursement of £32,875,900 from the Home treasury in 1919-20, and that the receipts from Council Bills will amount to £31,226,200. There will thus be a deficiency of £1,649,700 which will be met by a reduction of the cash balance of the Home treasury from £14,715,800 at the beginning of the year to £13,066,100 at its end.

253. The transactions of the Home treasury in the current year are inflated by the following large special items :—

(*i*) There will be a net recovery of £61,345,700 from His Majesty's Government on account of disbursements connected with war requirements made on their behalf in India against a Budget estimate of £40,667,000.

(*ii*) Sterling drafts issued in India involve a disbursement of £24,724,000, but out of this amount £10,150,000 will be obtained by the sale of sterling securities held in the Paper Currency Reserve in England.

(*iii*) Payments amounting to £29,171,700 will have to be made for gold purchased by the Secretary of State for remittance to India ; on the other hand, the payments for silver purchases will amount to £6,960,000 only against £12 million anticipated in the Budget.

(*iv*) A sum of £6,015,300 held in the cash balance of the Home treasury on behalf of the Gold Standard Reserve has been withdrawn during the year for investment.

The foregoing items result in a net receipt of £4,624,700, and eliminating both from the Budget and Revised estimates for the current year the figures relating to the above special items, the net disbursements from the Home treasury in respect of transactions of a more normal character will stand at £37,500,600 in the Revised against £43,198,500 in the Budget. The improvement of £5,697,900 is the net result of the following variations from Budget anticipations :—

	£
(*i*) Lapse in Railway capital outlay	5,605,300
(*ii*) Decrease in net expenditure charged to revenue (due mainly to a special recovery of £5 million from His Majesty's Government on account of extraordinary war pensions to be paid from Indian revenues as they fall due) . .	3,196,300
(*iii*) Improvement under miscellaneous deposit and other transactions, mainly in the receipts from enemy ships . .	464,300
Total decrease in outgoings or increase in receipts .	9,265,900
(*iv*) Deterioration in postal and money order transactions .	3,000,000
(*v*) Discharge of railway debentures not provided for in Budget	568,000
Total increase in outgoings or decrease in receipts .	3,568,000
Net improvement .	5,697,900

254. The total drawings of Council bills on India in 1919-20 amounted to £31,226,200, the whole of which will be utilised to meet the disbursements of the Home treasury. The cash balance at the end of 1919-20 is now estimated at £13 millions against a Budget forecast of about £5 millions exclusive of the Gold Standard Reserve.

255. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :— *1919-20. Capital raised and deposited by Railway Companies.*

	Budget, 1919-20.	Revised, 1919-20.
	£	£
RECEIPTS.		
(*a*) *Subscribed Capital*—		
To discharge Debentures :—		
Assam Bengal Railway	780,900	...
Bengal Nagpur Railway	2,695,500	...
Madras and Southern Mahratta Railway	100,000	...
	3,576,400	...
(*b*) *Miscellaneous*—		
Transfer fees, etc.	22,000	97,100
TOTAL RECEIPTS	3,598,400	97,100
ISSUES.		
For discharge of Debentures	3,576,400	453,000
For Capital outlay, *i.e.*, Stores, Establishment charges, etc.	3,272,000	3,396,300
TOTAL ISSUES	6,848,400	3,849,300

256. The Budget estimate provided for the renewal or replacement by fresh capital of £3,576,400 debentures of the Assam-Bengal, Bengal-Nagpur and Madras and Southern Mahratta Railway Companies. Of these, debentures to the value of £453,000 have been discharged, and the remainder of the value of £3,123,400 have been renewed.

257. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the capital account of the purchased lines worked by companies :— *1919-20. Railway remittances.*

	Budget, 1919-20.	Revised, 1919-20.
	£	£
RECEIPTS.		
Debenture Capital —		
South Indian Railway	510,000	...
Miscellaneous—		
Transfer fees, etc.	7,000	10,000
TOTAL RECEIPTS	517,000	10,000
ISSUES.		
Advances for purchase of stores—		
East Indian Railway	1,795,600	2,951,100
South Indian Railway	1,042,800	676,000
Bengal and North-Western Railway	198,800	171,000
Great Indian Peninsula Railway	3,369,900	1,189,600
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	1,039,400	874,100
TOTAL	7,446,500	5,861,800
Discharge of Debentures—		
South Indian Railway	510,000	115,000
Miscellaneous payments—		
East Indian Railway : rental paid to South Behar Railway Company	30,000	30,000
Rohilkund and Kumaon Railway : Interest on debenture stock allocated to state works	18,600	18,500
TOTAL ISSUES	8,005,100	6,025,300

258. The Budget estimate contemplated the replacement by fresh capital of £510,000 debentures of the South Indian Railway Company maturing during the year; they have, however, been renewed to the extent of £395,000, the balance having been discharged.

Budget, 1920-21.

259. The Budget estimate for 1920-21 provides for a net disbursement of £17,350,500. It includes however a recovery of £36,230,000 from His Majesty's Government on account of war disbursements in India on their behalf and a payment of £5,750,000 for the purchase of gold for remittance to India. If these special items are excluded, the net disbursement is raised to £47,830,500.

As already stated, the Revised estimate also includes various items of a special character, *viz.*, a recovery of £61,345,700 from His Majesty's Government for disbursements in India, withdrawals of £10,150,000 and £6,939,600 respectively from the Paper Currency and Special Reserves, a withdrawal of £6,015,300 from the cash balances for investment on behalf of the Gold Standard Reserve, and payments of £29,171,700 for gold and £6,960,000 for silver purchases, £24,724,000 for reverse drafts sold in India on London and £8,796,000 on account of the balance due to His Majesty's Government from the proceeds of the war loans raised in India. If these special items are eliminated, the net disbursements in the Revised estimate amount to £35,644,200.

260. The increase of £12,186,300 in the net disbursements of a normal character estimated for 1920-21 as compared with the Revised estimate for the current year is the result of the following variations:—

	£
(*i*) Increase in net expenditure charged to revenue	7,192,200
(*ii*) Increase in railway capital outlay	5,743,300
(*iii*) *Less*—provision for discharge of debentures in 1919-20 omitted for 1920-21	—568,000
(*iv*) Improvement in miscellaneous transactions, mainly deposits and remittances	—181,200
Net deterioration	12,186,300

261. Of the net disbursement of £17,350,500 referred to in paragraph 259, it is proposed to meet £8,375,000 by Council Bill drawings and the balance of £8,975,500 by a reduction of the cash balances of the Home treasury, which are estimated to stand on the 31st March 1921 at £4,090,600.

262. The details working up to the increase of £4,363,800 in the net payments to Railway Companies shown in the table in paragraph 251 are given below:—

	Revised, 1919-20. £	Budget, 1920-21. £
RECEIPTS—		
Capital deposits by Railway Companies—		
For capital outlay	97,100	62,000
For discharge of debentures	...	4,071,900
Remittance account between England and India—		
Railway transactions	10,000	507,000
Total receipts	107,100	4,640,900
DISBURSEMENTS—		
Capital expenditure not charged to Revenue—		
Outlay of Railway Companies	3,396,300	5,841,500
Payments for discharge of debentures	453,000	4,071,900
Remittance account between England and India—		
Railway transactions	6,025,300	8,858,800
Total disbursements	9,874,600	18,772,200
NET DISBURSEMENTS	9,767,500	14,131,300
Increase	4,363,800	

263. The following are the details of the transactions of the Gold Standard Reserve in England :— *1919-20 and 1920-21. Gold Standard Reserve.*

	1919-20. Budget. £	1919-20. Revised. £	1920-21. Budget. £
RECEIPTS.			
(*a*) Dividends on investments, discount on treasury bills, interest on loans at short notice, etc.	1,597,100	1,629,400	2,052,700
(*b*) Exchequer Bonds, British treasury bills and Colonial Government securities, etc., paid off	37,706,700	24,720,800	46,073,600
Total	39,303,800	26,350,200	48,126,300
CHARGES.			
Investments made	39,303,800	32,365,500	48,126,300

264. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1919-20. £	Revised, 1919-20. £	Budget, 1920-21. £
OPENING BALANCE—			
(*a*) Invested (cost price)	29,906,700	29,848,300	37,493,000
(*b*) Uninvested — Cash in the Home treasury placed at short notice	6,000,100	6,015,700	400
	35,906,800	35,864,000	37,493,400
CLOSING BALANCE—			
(*a*) Invested (cost price)	31,503,800	37,493,000	39,545,700
(*b*) Uninvested— Cash in the Home treasury placed at short notice.	6,000,100	400	400
	37,503,900	37,493,400	39,546,100
Difference between opening and closing balances representing Interest, etc., on investments in England (*vide* paragraph 263)	1,597,100	1,629,400	2,052,700

265. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.), included in the estimates for 1919-20 and 1920-21 :— *1919-20 and 1920-21. Summary of Debt transactions and Capital account of Railway Companies.*

	Budget, 1919-20. £	Revised, 1919-20. £	Budget, 1920-21. £
RECEIPTS.			
Council Bills	12,250,000	31,226,200	8,375,000
Receipts on account of the Subscribed Capital of Railway Companies	3,576,400	...	4,071,900
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways	510,000	...	500,000
OUTGOINGS.			
Sterling drafts paid	...	24,724,000	...
Permanent Debt discharged	8,900,000	8,796,000	...
Discharge of Railway Companies' Debentures (inclusive of Debentures of Companies working purchased lines)	4,086,400	568,000	4,571,900

The amount entered in the estimates for drawings of Council Bills is subject to the usual reservation that the Secretary of State retains full liberty to vary the programme to any extent that may be considered necessary during the course of the coming year.

INDIA.

266. The following is a summary of the estimates of Ways and Means in India during 1919-20 and 1920-21 :—

	Budget Estimate, 1919-1920.		Revised Estimate, 1919-1920.		Budget Estimate, 1920-1921.	
	Rupee figures.	Equivalent in £ at R15 = £1.	Rupee figures.	Equivalent in £ at R15 = £1.	Rupee figures.	Equivalent in £ at R15 = £1.
Receipts.	R	£	R	£	R	£
1. Excess of Revenue over Expenditure charged to Revenue	33,35,86,000	22,239,000	12,44,99,000	8,300,000	42,12,17,000	28,081,100
2. Capital raised through Companies towards outlay on State Railways	...	...	—11,04,000	—73,600	...	...
3. Capital contributed by Indian States towards outlay on State Railways	...	...	...	...	...	...
4. Unfunded Debt incurred—						
(a) Post Office Cash Certificates (net)	...	...	—2,39,00,000	—1,593,400	—1,00,00,000	—666,700
(b) Savings Bank deposits (net)	4,69,56,000	3,130,400	3,79,01,000	2,526,800	4,18,83,000	2,792,200
5. Appropriation for Reduction or Avoidance of Debt	...	...	...	...	93,08,000	620,500
6. Other Deposits and Remittances (net)—						
(a) War Stores—Suspense	16,61,87,000	11,079,200	—2,50,00,000	—1,666,700	10,50,00,000	7,000,000
(b) Deposit account with the United States of America	8,06,89,000	5,379,300	6,92,40,000	4,616,000	...	...
(c) Appropriation for meeting deficiency in Paper Currency Reserve	...	...	4,50,00,000	3,000,000	12,00,00,000	8,000,000
(d) Other transactions	—5,52,000	—36,800	8,43,20,000	5,621,400	6,67,01,000	4,446,700
7. Remittance account between England and India—						
(a) Purchase of Gold	...	...	43,75,76,000	29,171,700	8,62,50,000	5,750,000
(b) Purchase of Silver	25,20,00,000	16,800,000	20,32,99,000	13,553,200	...	...
(c) Transactions of Railway Companies (net) excluding debenture capital	11,23,22,000	7,488,100	8,85,04,000	5,900,300	12,52,76,000	8,351,700
(d) Sterling Transfers on London	...	...	36,81,60,000	24,544,000	...	...
Total Receipts excluding loans	99,11,88,000	66,079,200	1,40,84,95,000	93,899,700	96,56,35,000	64,375,600
Disbursements.						
8. Capital Expenditure not charged to Revenue—						
(a) State Railways	13,59,00,000	9,060,000	8,78,46,000	5,856,400	13,75,66,000	9,171,100
(b) Irrigation Works	63,75,000	424,800	32,39,000	215,900	82,68,000	551,200
(c) Initial expenditure on new Capital at Delhi	34,00,000	226,700	47,49,000	316,600	89,71,000	598,100
(d) Outlay by Companies (net)	—2,88,07,000	—1,920,500	—4,04,16,000	—2,694,400	—6,60,79,000	—4,405,300
9. Permanent Debt discharged (net)	56,40,000	376,000	1,01,02,000	673,400	1,23,24,000	821,600
10. Temporary Debt discharged (net)	22,49,20,000	14,994,700	2,23,33,000	1,488,900	37,18,02,000	24,786,800
*11. Provincial surpluses (—) or deficits (+)	2,87,74,000	1,918,200	—7,85,000	—52,300	6,16,65,000	4,111,000
12. Imperial and Provincial Loans (net)	1,21,60,000	810,600	1,31,83,000	878,800	—30,46,000	—203,200
13. Remittance account between England and India—						
(a) Transfers through Currency	...	...	15,22,50,000	10,150,000	...	...
(b) Capital raised by Railway Companies (net)	...	...	—17,25,000	—115,000	...	...
(c) War Office transactions (net)	58,50,00,000	39,000,000	98,87,40,000	65,916,000	52,50,00,000	35,000,000
(d) Transactions on behalf of authorities † other than the War Office (net)	2,93,30,000	1,955,400	1,84,00,000	1,226,700	1,84,50,000	1,230,000
(e) Other transactions (net)	—4,29,58,000	—2,863,800	—5,88,24,000	—3,921,600	—5,65,87,000	—3,772,400
14. Council Bills	18,37,50,000	12,250,000	46,83,90,000	31,226,200	12,56,25,000	8,375,000
Total Disbursements	1,14,34,82,000	76,232,100	1,66,74,85,000	111,165,600	1,14,39,59,000	76,263,900
Net Disbursements	15,22,94,000	10,152,900	25,89,90,000	17,265,900	17,83,24,000	11,888,300
Financed as follows:						
Permanent Debt incurred	15,00,00,000	10,000,000	21,34,97,000	14,233,100	15,00,00,000	10,000,000
Reduction of (+) or addition to (—) Treasury Balances	22,94,000	152,900	4,54,93,000	3,032,800	2,83,24,000	1,888,300
Total	15,22,94,000	10,152,900	25,89,90,000	17,265,900	17,83,24,000	11,888,300
Opening Balance	18,71,33,000	12,475,500	25,95,04,000	17,300,200	21,40,11,000	14,267,400
Closing Balance	18,48,39,000	12,322,600	21,40,11,000	14,267,400	18,56,87,000	12,379,100

* Head (11) represents expenditure defrayed by reduction of Provincial balances.

† These include other Departments of His Majesty's Government than the War Office, the Commonwealth of Australia and the East African Protectorate.

1919-20. Main features of Budget estimates.

267. In the Budget estimate for 1919-20. the cash balance in the Indian treasuries on the 1st April 1919 was taken at R18,71 lakhs. It was estimated that (1) the net Imperial revenue in India would amount to R33,36 lakhs. (2) there would be a net receipt of R4,70 lakhs under unfunded debt, (3) a credit of R16,62 lakhs would be realised by the issue or disposal of stores charged in previous years to the war stores suspense account and a further credit of R8 07 lakhs in respect of silver obtained from the United States of America under the Pittman Act, (4) the remittance and capital transactions of railway companies would result in a net credit of R11,23 lakhs, and (5) a net receipt of R4,24 lakhs would accrue on account of miscellaneous deposit and remittance transactions.

On the other hand, provision was made for: (1) a recoverable outlay of R58,50 lakhs in connection with the war on behalf of the War Office and a further outlay of R2,93 lakhs on behalf of other departments of His Majesty's Government and the East African Protectorate, (2) capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of R11,35 lakhs, (3) an outlay of R34 lakhs on the construction of the new capital at Delhi, (4) the discharge of R57 lakhs of permanent debt and R22,19 lakhs of treasury bills, (5) a payment of R18,37 lakhs on account of Council bills, (6) the drawing of R2,88 lakhs by Provincial Governments from the balance at their credit with the Government of India, and (7) a net issue of R1,22 lakhs in connection with Imperial and Provincial loans.

The total payments mentioned above aggregate R1,18,65 lakhs against a total receipt of R78,22 lakhs; the net disbursement of R40,43 lakhs was to be met to the extent of R15 crores from the proceeds of the war loan to be floated in India in 1919-20, and R25,20 lakhs from silver shipped by the Secretary of State to India for coinage, the balance of R23 lakhs being found by a reduction of the Indian cash balance which would stand at the end of 1919-20 at R18,18 lakhs.

1919-20. Main features of Revised estimates.

268. The results, according to the Revised estimate, show considerable variations from this forecast. The year opened with a cash balance which was R7¼ crores more than Budget anticipations owing mainly to heavy sales of treasury bills towards the close of March 1919. In spite of this improvement, however, and the larger proceeds of the rupee loan of the year, the cash balances stood at a very low level and the treasury position was one of considerable anxiety during the greater part of the year. There was a heavy rise in military expenditure, both in connection with the Afghan war and the frontier operations as well as under ordinary expenditure, while the similar disbursements on behalf of His Majesty's Government also largely exceeded the Budget estimates. The Budget anticipations in regard to credits from stores charged to the suspense account were not realised, and there was a strong demand during the first nine months of the year for private remittances of funds to India by Council bills. On the other hand, considerable additions to the treasury resources in India were obtained from remittances of gold which the Secretary of State was able to send to India, while special endeavours were made to obtain as large receipts as possible from the sale of treasury bills by improving the rates of yield. Further, during the closing quarter of the year the sales of reverse bills on London resulted in a substantial net receipt in India after allowing for transfers to the Paper Currency Reserve to the extent to which the Secretary of State found it necessary to draw on the sterling investments in the Reserve for meeting the bills. With these additions to our resources and the improvements in the opening balance of the year and the loan receipts mentioned above, it is anticipated that we will be able to meet the increased disbursements in India and to close the year with a cash balance of R21½ crores.

In view of the difficult treasury outlook during the middle of the year, powers were taken to increase the investments on behalf of the Paper Currency Reserve to the extent of R20 crores. The situation was, however, met without actual resort to these powers; but ways and means advances aggregating R16½ crores were obtained from Presidency Banks in temporary aid of the balances to tide over the difficult period, and it is expected that they will have been completely repaid before the close of the year.

269. The net disbursements on account of outlay recoverable from the Home Government and other authorities are now estimated at R1,00,71 lakhs against the Budget forecast of R61,43 lakhs, and Council bill payments will total R46,84 lakhs against R18,37 lakhs, only assumed in the Budget. There will also be a net issue of R2½ crores for cost of military stores, equipment, etc., purchased in advance of requirements and charged to the war stores suspense account instead of the credit of R16,62 lakhs entered in the Budget. On the other hand, the proceeds of the new loan which were taken in the Budget at R15 crores have amounted to R21,38 lakhs, and the net discharge of treasury bills will amount to R24 lakhs only against the Budget figure of R22,50 lakhs. The receipts from gold shipments by the Secretary of State will also amount to R43,76 lakhs, while the sale of reverse bills on London will result in a net receipt of R21,59 lakhs after allowing for a transfer of R15,23 lakhs to the Paper Currency Reserve. Apart from these special items it is expected that the net transactions in India in the current year will be worse than Budget anticipations by R11,34 lakhs. This deterioration is the net result of the following variations:—

[In lakhs of rupees.]

(1)	Deterioration in the combined revenue account of the Imperial and Provincial Governments, due mainly to the cost of the Afghan war and frontier operations and an increase in ordinary military expenditure, partly set off by improvements under most of the principal heads of revenue .	17,95
(2)	Net payment of cash certificates and deterioration under savings bank deposits	3,30
(3)	Smaller credits from silver purchased by the Secretary of State, inclusive of arrear adjustments on account of Pittman Act silver	6,01
(4)	Discharge of war bonds by conversion into the rupee loan of the current year and of the 5 per cent. war loan 1929-47 by purchases from the sinking fund	2,38
(5)	Increase in capital expenditure on railways and irrigation works (apart from credits due to exchange gains) . .	2,44
(6)	Deterioration under other transactions, mainly miscellaneous deposits and remittances	11
	Total decrease in receipts or increase in outgoings .	32,19
(7)	Gains from exchange (made up of 6,41 lakhs credited to the capital account and 4,50 lakhs held in suspense for meeting the deficiency which will arise in the Paper Currency Reserve on re-valuation)	10,91
(8)	Profits from rice control scheme in Burma temporarily held in deposit	1,50
(9)	*Pro formâ* credit to suspense head on account of recoverable war expenditure incurred on behalf of His Majesty's Government in 1918-19 but brought to account in current year	3,94
(10)	Betterness under postal and money order transactions, a net receipt from foreign money orders being now anticipated instead of a net payment	4,50
	Total increase in receipts or decrease in outgoings .	20,85
	Net deterioration .	11,34

1919-20. Rupee loans.

270. The total receipts from the new rupee loan, subscriptions for which were received from the 2nd July to the 30th August 1919, amounted to R21,28 lakhs, inclusive of R61 lakhs from the post office section of the loan. War bonds of various issues of a total value of R2,06 lakhs and treasury bills of a discounted value of R79 lakhs were received in payment of subscriptions to the loan. The gross receipts from cash certificates amounted to R89 lakhs. Certificates of the value of R3,28 lakhs are expected to be encashed during the current year, the net payment thus amounting to R2,39 lakhs.

1920-21. Main features of Budget estimates.

271. In 1920-21 the net Imperial revenue is estimated at R42,12 lakhs; the remittance and capital transactions of railway companies are likely to result in a net credit of R12,53 lakhs; a net receipt of R4,19 lakhs is anticipated

from savings bank deposits; a sum of ₹93 lakhs will be available from the Famine Insurance grant for the avoidance of debt; a net receipt of 30 lakhs will accrue in connection with Imperial and Provincial loans; a sum of ₹12 crores out of the gains by exchange will be credited to a suspense head for eventual application to meeting the deficiency which will arise in the Paper Currency Reserve on revaluation; a credit of ₹10,50 lakhs will be realised from the issue of stores charged to the suspense account for Indian requirements or those of the War Office; and miscellaneous deposit and remittance transactions will bring in a net receipt of ₹12,33 lakhs. The main items contributing to the net receipt under the last head are: (*a*) a recovery of ₹4 crores from His Majesty's Government in respect of the cash balances in Mesopotamia to be transferred to the new administration, (*b*) receipts of ₹2,25 lakhs from money orders issued on foreign countries and ₹1,81 lakhs from departmental and judicial deposits, (*c*) a *pro forma* credit of ₹1,10 lakhs in respect of stock of the 5 per cent war loan 1929-47 and 5 per cent income-tax free loan 1945-55 cancelled by purchases from the sinking fund, (*d*) a net profit of ₹2,50 lakhs from the rice control scheme in Burma, and (*e*) kran credits amounting to ₹75 lakhs obtained from the Imperial Bank of Persia against repayment to the Bank in London.

On the other hand, provision has been made (1) for a recoverable outlay of ₹52,50 lakhs to be incurred on behalf of the War Office and of ₹1,84 lakhs on behalf of other authorities; (2) for payment of the annual instalment of ₹12 lakhs for the Gwalior loan of 1887 and the cancellation of ₹1,10 lakhs of paper of the 5 per cent. war loan 1929-47 and 5 per cent. income-tax free loan 1945-55 by purchases from the sinking fund; (3) for capital expenditure of ₹7,98 lakhs on railways and canals and of ₹90 lakhs on Imperial Delhi after allowing for credits aggregating ₹9,76 lakhs and ₹10 lakhs respectively for net gain by exchange on Home outlay; (4) for discharge of treasury bills of the value of ₹8,00 lakhs, the value of the bills outstanding at the end of the next year being thus reduced to ₹31 crores; (5) for a draft of ₹6,17 lakhs from Provincial balances; (6) for the payment of ₹19,18 lakhs of the 1920 war bonds maturing in August next; (7) for a net discharge of ₹1 crore of cash certificates; and (8) for a payment of ₹12,56 lakhs on account of the Secretary of State's drawings of Council bills.

The net disbursements of the Government of India next year as detailed above aggregate ₹26,45 lakhs. It is proposed to meet this deficiency by issuing a rupee loan the proceeds of which are estimated at ₹15 crores, by gold remittances to the extent of ₹8,62 lakhs which the Secretary of State is expected to send to India in the coming year, and by drawing on the cash balance in India to the extent of ₹2,83 lakhs, thus reducing it on the 31st March 1921 to the standard figure of ₹18½ crores.

272. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1919-20 and 1920-21:— *1919-20 and 1920-21.*

Post Office Savings Banks, etc.

Year.	Securities of Railway Companies' Provident Funds transferred to Government.	Net additions to deposits, cash.	Interest.	Total addition.
1909-10 . . .	...	51,82,000	57,20,000	1,09,02,000
1910-11 . . .	...	1,05,06,000	60,82,000	1,65,88,000
1911-12 . . .	...	1,95,69,000	67,79,000	2,63,48,000
1912-13 . . .	...	1,68,26,000	73,79,000	2,42,05,000
1913-14 . . .	..	2,37,05,000	84,07,000	3,21,12,000
1914-15 . . .	...	—8,35,53,000	78,82,000	—7,56,71,000
1915-16 . . .	...	57,38,000	70,96,000	1,28,34,000
1916-17 . . .	...	1,35,61,000	77,07,000	2,12,68,000
1917-18 . . .	4,04,00,000	41,80,000	94,65,000	5,40,45,000
1918-19 . . .	3,38,37,000	2,47,14,000	1,26,65,000	7,12,16,000
1919-20 (Revised) .	...	2,32,52,000	1,40,59,000	3,73,11,000
1920-21 (Budget) .	...	2,59,97,000	1,54,01,000	4,13,98,000

273. The Budget estimate assumed that there will be a net deposit of ₹2,50 lakhs into postal savings banks in the current year; it is now expected that the net deposits will amount to ₹1,88 lakhs. The Budget estimate for 1920-21 provides for a net deposit of ₹1,75 lakhs into postal savings banks and for a growth of ₹85 lakhs in the deposits in the various provident funds for Government servants and in the similar funds of railway companies recently taken over by Government.

E. M. COOK.

The 22nd March 1920.

Appendix I.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

Prefatory Note.

I—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Comptroller and Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.— *Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure*.

3. The account necessarily exihibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation of the troops already there had long been recognised as pressing. Similarly the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in this city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "51—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "48—State Railways."

Item 1 of Part I of *pro formâ* account.

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Comptroller and Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "45—Civil Works." Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXXI—Civil Works."

Item 2, *ibid.*

Item 11, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations and are eventually published separately, like the figures for Coorg and Baluchistan, in an appendix to the Civil Estimates. But as the Civil Estimates are not published till late in the year, a special arrangement has been made by which the figures for the Delhi province under each major head are separately shewn in the various sections of the Financial Secretary's memorandum. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

Items 4 to 7 and I and IV of Part I, and Items 2 and 3 and II to V of Part II of *pro formâ* account.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended

Item I of Part I.

treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXV—Miscellaneous" and "XXXI—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote [See Part I, Note 5.]

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

EXPENDITURE.	Actuals to end of 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
1. DELHI PROJECT: Capital outlay on permanent Delhi chargeable to Head "51" (for details see Statement I-A)	3,06,89	50,07	1,10,36
2. Temporary Delhi *	54,33	...	...
3. Initial expenditure of non-Civil Departments :—			
(*a*) Military services †	64,34	5,66	9,79
(*b*) Railways ‡	5,49	—1	2,03
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,26	...	...
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	2,03	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	2,67	70	71
7. Miscellaneous items §	4,21	58	69
TOTAL	4,40,22	57,00	1,23,58

RECEIPTS.	Actuals to end of 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move ‖	...	...	...
II.—Non-recurring receipts on account of Temporary Works	2	...	...
III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi ‖	...	...	...
IV.—Miscellaneous items	2,47	74	74
TOTAL	2,49	74	74

Total Expenditure to end of 1920-21	...	6,20,80	
Net expenditure to end of 1920-91		6,16,83	
Total receipts to end of 1920-21			3,97

*NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1918, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

†NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1918-19.	Revised 1919-20.	Budget 1920-21.
Acquisition of land	13,10	...	...
Cost of buildings	44,55	4,90	8,62
Establishment charges	4,57	66	1,09
Tools and Plant	2,12	10	8
TOTAL	64,34	5,66	9,79

‡NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya.

§NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Delhi Audit Office and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

‖NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the prefatory note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus in 1913-14 to 1918-19 the Government of Bengal, by moving its offices into the vacated Imperial buildings in Calcutta, saved Rs.14,000 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.	Receipts.	Actuals, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
1. Expenditure of Delhi Province * . .	41,68	42,46	43,27	I.—Revenues of Delhi Province*	24,07	33,69	31,58
2. Compensatory assignment to Punjab Provincial revenues in respect of extra expenditure incurred in administering territories which have been transferred from the old Delhi district to the districts of Rohtak and Gurgaon . .	13	13	13	II.—Assignment from Punjab Provincial revenues to Imperial on account of the creation of the new Province of Delhi, with effect from the 1st October 1912† .	1,91	1,91	1,91
3. Miscellaneous items .	14	13	12	III.—Saving under Calcutta house allowances‡ .	41	43	43
				IV.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices.§ . .	2,50	2,50	2,50
Total expenditure .	41,95	42,72	43,52	V.—Miscellaneous items .	3	3	3
Net expenditure .	13,03	4,16	7,07	Total receipts .	28,92	38,56	36,45

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—This assignment represents the amount by which the Provincial outlay on the Delhi area exceeded the Provincial revenue obtained therefrom prior to the constitution of the Imperial enclave, *i.e.*, the net expenditure incurred on the area of which the Local Government has now been relieved.

‡ NOTE 3.—The figures shown against item III will be subject to increase as additional offices are successively transferred from Calcutta to Delhi.

§ NOTE 4.—The figure shown against item IV is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been larger owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I.-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of pro formâ *account.*

[Figures in thousands of Rupees.]

Items.	Actuals up to end of 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
A.—Salaries and allowances —			
(*a*) Preliminary Investigation—			
(*i*) Gazetted officers*	2,04	...	...
(*ii*) Non-gazetted officers	14	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(*i*) Gazetted officers*	19,64	4,03	6,07
(*ii*) Non-gazetted officers	9,21	2,96	3,91
(*c*) Other officers employed on the Project —			
(*i*) Gazetted officers*	2,17	27	37
(*ii*) Non-gazetted officers	1,54	28	22
B.—Travelling allowances of Officers and Establishment—			
(*a*) Preliminary Investigation—			
(*i*) Gazetted officers*	23	...	...
(*ii*) Non-gazetted officers	2	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(*i*) Gazetted officers*	1,66	45	52
(*ii*) Non-gazetted officers	84	24	31
(*c*) Other officers employed on the Project—			
(*i*) Gazetted officers *	17	4	6
(*ii*) Non-gazetted officers	6	1	2
C.—Supplies, Services and Contingencies—			
(*a*) Preliminary Investigation	51	...	...
(*b*) Public Works and Electrical officers employed on the Project	1,39	31	34
(*c*) Other officers employed on the Project	34	5	2
D.— Works Expenditure—			
(*i*) Buildings	94,13	17,57	41,25
(*ii*) Communications	7,25	68	4,30
(*iii*) Miscellaneous Public Improvements	3,40	1,08	1,60
(*iv*) Electric Light and Power	...	...	14,73
(*v*) Irrigation	1,14	6	8,04
(*vi*) Sanitation including water-supply, drainage and sewage	12,37	9,53	22,50
(*vii*) Purchase of tools and plant	34,05	4,39	7,54
(*viii*) Stock and Suspense	21,18	3,83	...
(*ix*) Miscellaneous items	51,50	3,53	2,50
(*x*) Maintenance during construction	12,27	5,12	7,00
(*xi*) Railway Diversion	1	6	3,00
***E.*— Acquisition of land	34,76	5	...
F.—Other Miscellaneous expenditure	6	...	...
G—Unallotted reserve	...	...	...
Deduct.—Receipts on Capital Account	—6,69	—3,54	—4,30
„ Credit for gain by exchange	...	—93	—9,64
Total	3,05,89	50,07	1,10,36

* NOTE.—The town planners and other experts are included under this head.

STATEMENT II-A.

Revenue and Expenditure of Delhi Province.

[Figures in thousands of Rupees.]

Receipts.				Expenditure.			
Major heads of Account.	Actuals, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.	Major heads of Account.	Actuals, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
I.—Land Revenue	3,00	2,66	3,00	1. Refunds and Drawbacks	32	29	30
II.—Opium	22	16	17	2. Assignments and Compensations	5	6	5
IV.—Stamps	4,88	5,63	5,64	3. Land Revenue	1,07	1,21	1,25
V. Excise	4,32	6,40	6,40	6. Stamps	8	8	8
VI.—Provincial rates	1	...	...	7. Excise	10	10	12
VII.—Customs	33	39	39	10. Income Tax	4	4	4
VIII.—Income Tax	7,92	9,16	9,14	12. Registration	9	8	9
X.—Registration	30	34	34	18. General Administration*	99	1,03	95
XII.—Interest	27	25	23	19-A. Courts of Law	1,92	1,72	1,73
XVI-A.—Courts of Law	23	24	24	19-B. Jails	74	92	92
XVI-B.—Jails	17	22	22	20. Police	4,41	5,68	5,45
XVII.—Police	6	12	12	22. Education	2,48	2,90	3,19
XIX.—Education	16	16	16	23. Ecclesiastical	17	23	23
XX-A.—Medical	5	7	6	24-A. Medical	2,59	2,95	3,11
XXI-B.—Scientific and Miscellaneous Departments.	6	13	10	24-B. Sanitation	1,38	71	90
XXII.—Receipts in aid of Superannuation, etc.	5	5	5	25. Political	2	4	1
XXIII.—Stationery and Printing	11	10	10	26-A. Agriculture	17	22	23
XXV.—Miscellaneous	88	6,54	4,16	26-B. Scientific and Miscellaneous Departments.	4	4	51
XXX.—Minor Irrigation Works and Navigation.	—1	1	1	27. Territorial and Political Pensions.	44	44	48
XXXI.—Civil Works { Civil	1	1	...	29. Superannuation and Retired allowances.	2,23	2,55	2,55
XXXI.—Civil Works { Departmental	1,05	1,05	1,05	30. Stationery and Printing	14	23	23
				32. Miscellaneous	76	2,90	4,02
				43. Minor Irrigation Works and Navigation.	2	1	1
				45. Civil Works { Civil	4,61	45	6
				45. Civil Works { Departmental	14,23	16,10	15,38
				Do. Viceregal Estates in Delhi.	2,59	1,47	1,38
Total Receipts	24,07	33,69	31,58	Total Expenditure	41,68	42,45	43,27

* This excludes the portion of the cost of the Audit Office, Delhi Province, debitable to Part I.

Appendix II.

ESTIMATE OF REVENUE AND EXPENDITURE OF THE GOVERNMENT OF INDIA FOR THE YEAR 1920-1921.

No. 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial) compared with the

HEADS OF REVENUE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	
Principal Heads of Revenue:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	
Land Revenue	19,43,394	19,19,000	20,52,000	22,65,067	20,70,000	21,87,000	5,85,71,645	6,06,53,000	1
Opium	35,323	29,000	29,000	89,778	85,000	81,000	6,03,150	5,98,000	2
Salt	1,27,33,432	80,92,000	1,33,01,000	...	...	...	1,77,72,899	1,51,91,000	3
Stamps	10,87,069	12,31,000	13,29,000	7,71,258	8,80,000	9,00,000	1,64,40,169	1,86,00,000	4
Excise	40,30,744	43,43,000	44,65,000	5,78,525	8,90,000	10,95,000	4,64,14,809	5,33,60,000	5
Provincial Rates	557	1,000	1,000	535	1,000	1,000	...	...	6
Customs	1,00,515	1,11,000	1,11,000	...	...	...	1,08,30,800	1,25,00,000	7
Income Tax	67,38,796	70,71,000	75,05,000	3,88,234	5,31,000	6,35,000	1,05,18,633	1,86,51,000	8
Forest	19,61,215	18,92,000	20,00,000	3,81,322	4,12,000	4,91,000	47,91,460	61,00,000	9
Registration	59,355	68,000	67,000	53,968	62,000	62,000	27,38,200	33,00,000	10
Tributes from Indian States	18,99,750	21,23,000	20,62,000	...	...	...	44,96,519	44,97,000	11
Total	3,06,40,150	2,68,80,000	3,29,22,000	45,34,687	49,31,000	52,52,000	17,32,08,284	19,34,50,000	12
Interest	82,38,121	1,04,17,000	1,02,07,000	34,141	29,000	29,000	13,05,777	13,36,000	13
Posts and Telegraphs	7,99,49,507	8,91,41,000	9,22,75,000	...	...	...	...	...	14
Mint	71,59,351	50,91,000	16,18,000	...	...	...	...	...	15
Receipts by Civil Depts.:									
Law and Justice:									
Courts of Law	99,645	1,14,000	1,14,000	2,33,182	3,21,000	2,26,000	10,33,903	11,60,000	16
Jails	12,90,112	8,47,000	8,46,000	55,051	47,000	45,000	10,96,626	6,50,000	17
Police	49,842	61,000	59,000	17,599	1,31,000	42,000	5,50,520	6,03,000	18
Ports and Pilotage	...	...	...	...	...	...	124	1,000	19
Education	82,580	91,000	91,000	23,275	29,000	27,000	3,79,834	6,08,000	20
Medical	20,590	26,000	24,000	768	1,000	1,000	3,36,042	3,19,000	21
Sanitation	1,01,614	2,45,000	2,47,000	...	...	...	45,787	20,000	22
Agriculture	6,04,031	4,28,000	4,31,000	7,260	11,000	11,000	2,49,893	3,13,000	23
Scientific and Miscellaneous Depts.	2,31,976	2,24,000	4,44,000	249	...	...	15,60,120	17,89,000	24
Total	24,80,490	20,36,000	22,56,000	3,37,384	5,40,000	3,52,000	52,52,849	54,63,000	25
Miscellaneous:									
Receipts in aid of Superannuation, etc.	3,78,619	3,56,000	3,61,000	30,290	32,000	32,000	2,91,376	2,84,000	26
Stationery and Printing	6,63,129	7,28,000	7,63,000	15,889	17,000	16,000	1,92,035	1,75,000	27
Exchange	7,25,16,177	...	6,00,00,000	...	...	...	...	...	28
Miscellaneous	1,78,43,748	1,49,65,000	1,13,78,000	1,35,800	1,28,000	1,30,000	2,94,014	3,15,000	29
Total	9,13,96,703	1,60,49,000	7,25,02,000	1,81,979	1,77,000	1,78,000	7,77,425	7,72,000	30
Railways:									
State Railways (Gross Receipts)	76,21,39,459	79,23,58,000	83,98,50,000	...	...	...	...	...	31
Deduct—Working Expenses	*37,06,42,703*	*45,18,63,000*	*50,04,45,000*	...	...	...	...	...	32
,, Surplus profits paid to Companies, etc.	*1,89,63,551*	*2,05,69,000*	*1,60,00,000*	...	...	...	...	...	33
Net Receipts	37,25,26,205	31,99,26,000	32,34,05,000	...	...	...	...	...	34
Subsidised Companies (Government share of surplus Profits and Repayment of Advances of Interest)	1,78,845	1,78,000	1,67,000	...	...	...	...	...	35
Total	37,27,05,050	32,01,04,000	32,35,72,000	...	...	...	...	...	36
Irrigation:									
Major Works: Direct Receipts	...	...	...	12,68,258	13,35,000	13,66,000	3,37,513	3,42,000	37
Portion of Land Revenue due to Irrigation	...	...	...	1,03,281	1,03,000	1,01,000	1,05,47,031	1,11,47,000	38
Minor Works and Navigation	56,831	93,000	93,000	...	...	...	2,92,622	3,23,000	39
Total	56,831	93,000	93,000	13,71,539	14,38,000	14,67,000	1,11,77,166	1,18,12,000	40
Other Public Works:									
Civil Works	1,80,607	1,88,000	1,64,000	1,67,126	1,71,000	1,64,000	5,38,230	5,42,000	41
Military Receipts:									
Army: Effective	2,24,14,296	1,56,22,000	1,39,61,000	...	...	...	...	...	42
Non-effective	12,23,619	9,73,000	8,66,000	...	...	...	...	...	43
Marine	60,86,575	41,30,000	24,15,000	...	...	...	...	...	44
Military Works	15,26,377	14,10,000	13,80,000	...	...	...	...	...	45
Total	3,12,50,867	2,21,35,000	1,86,22,000	...	...	...	...	...	46
TOTAL REVENUE	62,40,57,607	49,21,34,000	55,42,31,000	66,26,856	72,86,000	74,42,000	19,22,59,731	21,33,75,000	47

in each of the PROVINCES of *British India*, and in *England*, for 1920-1921,
Results of 1918-1919 and 1919-1920.

		BOMBAY.			BENGAL.			CARRIED FORWARD.		
	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	6,07,67,000	4,28,96,904	5,64,37,000	5,82,81,000	3,05,30,796	2,95,60,000	2,89,57,000	13,62,57,806	15,06,39,000	15,22,44,000
2	5,93,000	11,95,056	11,50,000	12,50,000	4,30,72,271	3,90,08,000	3,81,26,000	4,49,96,178	4,08,70,000	4,00,84,000
3	1,54,31,000	1,91,25,389	1,65,00,000	1,86,92,000	1,11,77,530	1,33,00,000	1,62,00,000	6,08,09,250	5,30,83,000	6,36,24,000
4	1 96,00,0)0	1,17,52,860	1,57,00,000	1,65,00,000	2,49,65,250	3,00,00,000	3,10,00,000	5,59,16,606	6,64,11,000	6,93,29,000
5	5,79,00,000	3,78,27,375	3,98,00,000	4,30,00,000	1,76,63,711	1,81,00,000	1,87,00,000	10,65,45,164	11,64,93,000	12,51 60,000
6	...	...	...	...	1,12,434	1,10,000	1,10 000	1,13,526	1,12,000	1.12,000
7	1,28,45,000	7,17,37,138	8,44,47,000	9,06,41,000	7,60,72,157	10,65,06,000	12,81,85,000	15,87,40,610	20,35,64,000	23,17,82,000
8	1,42,61,000	3,89,88,235	7,69,80,000	5,19,97,000	3,50,84,642	9,47,00,000	6,07,49,000	9,17,18,540	19,79,33,000	13,49,47,000
9	56,10,000	1,04,94,031	96,50,000	90,00,000	19,44,104	19,00,000	20,00,000	1,95,72,132	1,99,54,000	1,91,01,000
10	34,20,000	11,42,324	13,00,000	13,00,000	19,17,737	27,00,000	27,00,000	59,17,584	74,30,000	75,49,000
11	44,97,000	11,97,415	13,50 000	13,40,000	67,701	68,000	68,000	76,61,585	80,38,000	79,67,000
12	19,49,29,000	23,63,57,327	30,33,14,000	29,20,01,000	24,26,08,333	33,59,52,000	32,67,95,000	68,73,48,781	86,45,27,000	85,18,99,000
13	13,46,000	20,72,931	28,50,000	31,73,000	17,29,537	17,20,000	17,18,000	1,33,80,507	1,63,52,000	1,64,73,000
14	...	...	...	...	...	...	...	7,99,49,507	8,91,41,000	9,22,75,000
15	...	2,02,41,766	1,99,53,000	85,75,000	...	...	...	2,74,01,117	2,50,44,000	1,01,93,000
16	10,81,000	9,12,607	10,00,000	9,80,000	11,24,384	13,30,000	13,50,000	34,03,721	39,25,000	37,51,000
17	6,00,000	4,24,827	4 00,000	3,50,000	14,76,874	17,32,000	16,02,000	43,42,990	36,76,000	34,43,000
18	5,91,000	1,08,637	1,30,000	1,23,000	2,52,169	3,40,000	3,55,000	9,78,767	12,65,000	11,70,000
19	1,000	1,73,142	2,11,000	2,24,000	12,36,651	13,00,000	15 50,000	14,09,917	15,12,000	17,75,000
20	5,23,000	5,95,322	5,85,000	6,05,000	9,83,109	10,40,000	11,00,000	20,64,120	23,53,000	23 46,000
21	3,11,000	4,80,386	4,80,000	4,90,000	4,15,812	4,40,000	4,75,000	12,53,598	12,66,000	13,01,000
22	13,000	12,411	15,000	19,000	6,509	68,000	18,000	1,66,351	3,48,000	2,97,000
23	3,73,000	2,86,849	3,68,000	2,85,000	1,67,583	1,85,000	2,55,000	13,15,616	13,05,000	13,55,000
24	16,13,000	1,12,276	2.00,000	1,35,000	13,64,422	18.00,000	12,60,000	32,69,043	40,13,000	34,52,000
25	51,06,000	31,05,957	33,89,000	32,11,000	70,27,513	82,35,000	79,65,000	1,82,04,123	1,96,63,000	1,88,90,000
26	2,51,000	7,02,184	8,51,000	8,56,000	2,46,413	2,40,000	2,40,000	16,43,912	17,63,000	17,40,000
27	1,61,000	1,98,211	2,02,000	1,92,000	1,72,803	2,06,000	2,05,000	12,42,067	13,20,000	13,37,000
28	...	...	...	...	...	...	...	7,25,16,177	...	6,00,00,000
29	3,08,000	7,62,217	6,15,000	4,80,000	10,52,605	10,50,000	10,70,000	2,00,88,384	1,70,73,000	1,33,66,000
30	7,20,000	16,62,612	16 68.000	15,28,000	14,71,821	14,90,000	15,15,000	9,54,90,540	2,01,56,000	7,64,43,000
31	...	...	...	...	...	...	...	76,21,39 459	79,23,58,000	83,98,50,000
32	...	...	...	...	...	...	...	*57,06,49,703*	*45,18,63,000*	*50,04,45,000*
33	...	...	...	...	...	...	...	*1,89,63,551*	*2,05,69,000*	*1,60,00,000*
34	...	...	...	...	...	...	...	37,25,26,205	31,99,26,000	32,34,05,000
35	...	...	...	...	...	...	...	1,78,845	1,78,000	1,67,000
36	...	...	...	...	...	...	...	37,27,05,050	32,01,04,000	32,35,72,000
37	3,36,000	12,51,056	20,00,000	20,03,000	3,04,875	3,00,000	3,00,000	31,61,702	39,77,000	40,05,000
38	1,10,36,000	19,55,908	25,00,000	26,60,000	...	...	...	1,26,06,220	1,37,50,000	1,37,97,000
39	2,98,000	3,56,168	4,00,000	3,90,000	9,97,857	9,08,000	9,62,000	17,03,478	17,24,000	17,43,000
40	1,16,70,000	35,63,132	49,00,000	50,53,000	13,03,732	12,08,000	12,62,000	1,74,71,400	1,94,51,000	1,95,45,000
41	4,71,000	5,03,639	7,53,000	6,93,000	10,94,171	8,47,000	10,47,000	24,53,773	25,01,000	25,39,000
42	...	...	...	...	...	...	...	2,24,14,296	1,56,22,000	1,39,61,000
43	...	...	...	...	...	...	...	12,23,619	9,73,000	8,66,000
44	...	...	...	...	...	...	...	60,86,575	41,30,000	24,15,000
45	...	...	...	...	...	...	...	15,26,377	14,10,000	13,80,000
46	...	...	...	...	...	...	...	3,12,50,867	2,21,35,000	1,86,22,000
47	21,42,42,000	26,75,07,364	33,68,27,000	31,42,34,000	25,52,34,107	34,94,52,000	34,03,02,000	1,34,56,85,665	1,39,90,74,000	1,43,04,51,000

No. 1—Account showing the Estimated Revenue (Imperial and Provincial) compared with the

HEADS OF REVENUE.	Brought forward.			United Provinces of Agra and Oudh.			Punjab.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:									
Land Revenue	13,62,57,806	15,06,39,000	15,22,44,000	5,72,98,273	6,60,56,000	6,89,64,000	2,85,18,710	2,96,39,000	1
Opium	4,49,96,178	4,08,70,000	4,00,84,000	7,26,233	6,15,000	6,22,000	10,04,868	8,58,000	2
Salt	6,03,99,250	5,30,83,000	6,36,24,000	...	...	...	...	...	3
Stamps	5,50,16,606	6,64,11,000	6,93,29,000	1,25,87,467	1,47,00,000	1,50,00,000	61,38,029	78,80,000	4
Excise	10,65,45,164	11,64,93,000	12,51,60,000	1,59,26,464	1,72,00,000	1,81,00,000	1,05,17,547	1,28,50,000	5
Provincial Rates	1,13,526	1,12,000	1,12,000	1,46,456	1,48,000	2,42,000	30,700	33,000	6
Customs	15,87,40,610	20,35,64,000	23,17,82,000	4,40,329	5,30,000	5,70,000	23,323	12,000	7
Income Tax	9,17,18,540	19,79,33,000	13,49,47,000	72,12,030	98,31,000	77,14,000	40,32,503	56,59,000	8
Forest	1,95,72,132	1,99,54,000	1,91,01,000	66,37,167	75,30,000	1,03,00,000	21,54,178	36,56,000	9
Registration	59,17,584	74,30,000	75,49,000	7,75,235	9,70,000	12,50,000	4,06,133	5,00,000	10
Tributes from Indian States	76,61,385	80,38,000	79,67,000	3,21,000	3,41,000	3,51,000	1,44,941	1,44,000	11
Total	68,73,48,781	86,45,27,000	85,18,99,000	10,20,70,654	11,79,21,000	12,31,13,000	5,29,70,932	6,12,31,000	12
Interest	1,33,80,507	1,63,52,000	1,64,73,000	11,90,755	18,45,000	15,84,000	5,66,924	6,41,000	13
Posts and Telegraphs	7,99,49,507	8,91,41,000	9,22,75,000	...	...	...	...	...	14
Mint	2,74,01,117	2,50,44,000	1,91,93,000	...	...	...	...	...	15
Receipts by Civil Depts:									
Law and Justice:									
Courts of Law	34,03,721	39,25,000	37,51,000	8,59,782	9,67,000	8,86,000	6,53,077	8,08,000	16
Jails	43,42,990	36,76,000	34,48,000	7,46,607	4,06,000	3,60,000	6,76,181	5,05,000	17
Police	9,78,767	12,65,000	11,70,000	1,22,357	1,30,000	1,37,000	1,85,789	3,59,000	18
Ports and Pilotage	14,09,917	15,12,000	17,75,000	...	...	...	...	...	19
Education	20,64,120	23,53,000	23,46,000	7,02,550	7,24,000	7,51,000	5,33,073	5,36,000	20
Medical	12,53,598	12,66,000	13,01,000	95,995	1,12,000	1,00,000	75,548	76,000	21
Sanitation	1,66,351	3,48,000	2,97,000	46,739	33,000	34,000	1,61,494	1,33,000	22
Agriculture	13,15,616	13,05,000	13,55,000	2,63,763	2,76,000	2,96,000	7,01,189	8,25,000	23
Scientific and Miscellaneous Depts.	32,69,043	40,13,000	34,52,000	16,452	22,000	22,000	29,608	31,000	24
Total	1,82,04,123	1,96,63,000	1,68,90,000	28,54,245	26,70,000	25,86,000	30,15,909	32,73,000	25
Miscellaneous:									
Receipts in aid of Superannuation, etc.	16,43,912	17,63,000	17,40,000	2,55,262	2,40,000	2,87,000	1,90,483	1,82,000	26
Stationery and Printing	12,42,067	13,21,000	13,37,000	2,17,031	3,25,000	3,01,000	1,78,172	1,89,000	27
Exchange	7,25,16,177	...	6,00,00,000	...	...	...	...	...	28
Miscellaneous	2,00,88,384	1,70,73,000	1,33,66,000	5,79,336	5,21,000	5,02,000	14,63,252	21,59,000	29
Total	9,54,90,540	2,01,56,000	7,64,43,000	10,51,629	10,86,000	10,90,000	18,31,907	25,30,000	30
Railways:									
State Railways (Gross Receipts)	76,21,39,459	79,23,58,000	83,98,50,000	...	...	...	...	...	31
Deduct: Working Expenses	*37,06,49,703*	*45,18,63,000*	*50,04,45,000*	...	...	...	...	...	32
" Surplus profits paid to Companies, etc.	*1,89,63,551*	*2,05,69,000*	*1,60,00,000*	...	...	...	...	...	33
Net Receipts	37,25,26,205	31,99,26,000	32,34,05,000	...	...	...	...	...	34
Subsidized Companies (Government share of surplus profits and Repayment of Advances of Interest)	1,78,845	1,78,000	1,67,000	...	...	...	...	...	35
Total	37,27,05,050	32,01,04,000	32,35,72,000	...	...	...	...	...	36
Irrigation:									
Major Works: Direct Receipts	31,61,702	39,77,000	40,05,000	1,12,04,821	1,22,26,000	1,16,03,000	2,77,26,590	3,20,07,000	37
Portion of Land Revenue due to Irrigation	1,26,06,220	1,37,50,000	1,37,97,000	20,87,515	20,83,000	20,83,000	1,36,04,267	1,39,00,000	38
Minor Works and Navigation	17,03,478	17,24,000	17,43,000	3,28,505	3,60,000	3,30,000	9,24,848	8,90,000	39
Total	1,74,71,400	1,94,51,000	1,95,45,000	1,36,20,841	1,46,69,000	1,40,16,000	4,22,55,705	4,67,97,000	40
Other Public Works:									
Civil Works	24,23,773	25,01,000	25,39,000	5,74,538	5,42,000	5,76,000	5,32,053	7,16,000	41
Military Receipts:									
Army: Effective	2,24,14,296	1,56,22,000	1,39,61,000	...	...	...	...	...	42
Non-effective	12,23,619	9,73,000	8,66,000	...	...	...	...	...	43
Marine	60,86,575	41,30,000	24,15,000	...	...	...	...	...	44
Military Works	15,26,377	14,10,000	13,80,000	...	...	...	...	...	45
Total	3,12,50,867	2,21,35,000	1,86,22,000	...	...	...	...	...	46
TOTAL REVENUE	1,34,56,85,665	1,39,90,74,000	1,43,04,51,000	12,13,62,662	13,87,33,000	14,29,65,000	10,11,73,430	11,51,88,000	47

in each of the Provinces of *British India*, and in *England*, for 1920-1921,
Results of 1918-1919 AND 1919-1920—*continued*.

		BURMA.			BIHAR AND ORISSA.			CARRIED FORWARD.		
	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,83,26,000	5,14 52,179	3,79,47,000	6,01,33,000	1,63,37,782	1,62,03,000	1,58,80,000	28,98,64,700	30,04,84,000	32,55,47,000
2	8,00,000	6,07,731	5,74,000	6,00,000	5,30,114	4,90,000	5,00,000	4,78,65,124	4,34,07,000	4,26,06,000
3	...	33,58,470	32,25,000	37,00,000	1,278	1,000	1,000	6,41,68,998	5,63,09,000	6,73,25,000
4	80,80,000	34,78,424	42,00,000	43,00,000	74,17,444	83,50,000	87,36,000	8,46,37,970	10,15,41,000	10,54,45,000
5	1,45,00,000	96,97,001	1,03,86,000	1,10,50,000	1,23,92,529	1,28,60,000	1,35,00,000	15,50,78,705	16,97,89,000	15,23,10,000
6	32,000	...	...	...	95,355	2,04,000	1,30,000	3,86,037	4,97,000	5,16,000
7	12,000	2,17,67,492	1.86,34,000	2,17,00,000	710	1,000	1,000	18,09,72,464	22,27,41,000	25,40,65,000
8	72,38,000	78,54,676	1,32,49,000	1,25,54,000	27,62,375	34,20,000	33,93,000	11,35,80,124	23,00,92,000	16,58,46,000
9	48,19,000	1,25,28,852	1,74,50,000	1,60,00,000	9,44,763	8,00,000	8,35,000	4,18,37,092	4,93,90,000	5,10,55,000
10	5,00,000	2,29,345	2,90,000	2,70,000	6,84,651	9,00,000	8,00,000	80,12,948	1,00,50,000	1,03,69,000
11	1,44,000	4,50,691	4,52,000	4,52,000	85,500	86,000	86,000	86,63,517	90,61,000	90,00,000
12	6,44,51,000	11,14,24,861	10,64,07,000	13,07,59,000	4,12,52,451	4,33,15,000	4,38,62,000	99,50,67,679	1,19,34,01,000	1,21,40,84,000
13	6,73,000	2,33,397	2,46,000	2,65,000	1,27,914	1,33,000	3,13,000	1,54,99,497	1,92,17,000	1,93,98,000
14	...	...	...	...	...	...	...	7,99,49,507	8,91,41,000	9,22,75,000
15	...	...	...	...	...	...	...	2,74,01,117	2,50,44,000	1,01,93,000
16	7,16,000	6,26,130	7,90,000	7,78,000	3,52,221	3,41,000	3,77,000	58,94,981	68,31,000	65,08,000
17	4,55,000	3,68,285	4,00,000	3,50,000	9,76,789	8,50,000	9,18,000	71,10,852	58,37,000	55,26,000
18	2,48,000	5,94,878	4,03,000	3,71,000	7,56,850	2,72,000	51,000	26,38,641	24,29,000	19,77,000
19	...	5,72,699	5,38,000	4,85,000	...	...	...	19,82,606	20,50,000	22,60,000
20	5,08,000	3,79,874	3,92,000	3,91,000	3,75,996	3,85,000	4,00,000	40,55,618	43,90,000	43,96,000
21	81,000	1,38,205	1,46,000	1,42,000	79,743	85,000	87,000	16,43,089	16,85,000	17,11,000
22	1,38,000	10,649	17,000	17,000	17,859	25,000	20,000	4,03,092	5,56,000	5,06,000
23	8,36,000	20,562	22,000	18,000	69,197	75,000	75,000	23,70,277	25,03,000	25,80,000
24	31,000	7,693	7,000	7,000	1,106	3,000	1,77,000	33,23,902	40,76,000	36,89,000
25	30,13,000	27,18,965	27,15,000	25,59,000	26,29,761	20,36,000	21,05,000	2,94,23,006	3,03,57,000	2,91,53,000
26	1,87,000	99,639	90,000	99,000	1,20,591	1,18,000	1,05,000	23,09,687	23,93,000	24,18,000
27	1,95,000	58,045	73,000	67,000	40,699	43,000	43,000	17,36,014	19,50,000	19,43,000
28	...	...	...	...	...	...	...	7,25,16,177	...	6,00,00,000
29	16,92,000	4,21,490	8,10,000	1,03,79,000	2,02,670	2,88,000	2,89,000	2,27 55,132	2,08,51,000	2,62,28,000
30	20,74,000	5,79,174	9,73,000	1,05,45,000	3,63,960	4,49,000	4,37,000	9,26,17,210	2,51,94,000	9,05,89,000
31	...	...	...	...	...	...	...	76,21,39,459	79,23,58,000	83,98,50,000
32	...	...	...	...	...	...	...	*37,06,49,703*	*45,18,63,000*	*50,04,45,000*
33	...	...	...	...	...	...	...	*1,89,63,551*	*2,05,69,000*	*1,60,00,000*
34	...	...	...	...	...	...	...	37,25,26,205	31,99,26,000	32,34,05,000
35	...	...	...	...	...	...	...	1,78,845	1,78,000	1,67,000
36	...	...	...	...	...	...	...	37,27,05,050	32,01,04,000	32,35,72,000
37	3,16,07,000	19,42,013	15,50,000	18,50,000	27,33,954	30,00,000	28,01,000	4,67,69,080	5,27,60,000	5,18,66,000
38	1,58,00,000	2,61,404	2,70,000	2,70,000	...	...	...	2,85,59,406	3,00,03,000	3,19,50,000
39	10,81,000	14,42,294	13,00,000	15,00,000	71,041	74,000	74,000	44,70,166	43,48,000	47,28,000
40	4,84,88,000	36,45,711	31,20,000	36,20,000	28,04,995	30,74,000	28,75,000	7,97,96,652	8,71,11,000	8,85,44,000
41	7,04,000	4,63,241	4,36,000	3,95,000	5,30,119	6,10,000	6,45,000	45,82,724	48,05,000	45,59,000
42	...	...	...	...	...	...	...	2,24,14,296	1,56,22,000	1,39,61,000
43	...	...	...	...	...	...	...	12,23,619	9,73,000	8,66,000
44	...	...	...	...	...	...	...	60,86,575	41,30,000	24,15,000
45	...	...	...	...	...	...	...	15,26,377	14,10,000	13,80,000
46	...	...	...	...	...	...	...	3,12,50,867	2,21,35,000	1,86,22,000
47	11,94,03,000	11,90,64,349	11,38,97,000	14,81,43,000	4,77,09,200	4,96,17,000	5,02,37,000	1,73,49,95,206	1,81,65,09,000	1,89,11,99,000

No. 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial) compared with the

HEADS OF REVENUE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:										
Land Revenue	28,98,64,700	30,04,84,000	32,55,47,000	1,75,89,025	2,19,03,000	2,23,33,000	88,95,439	89,74,000	90,88,000	1
Opium	4,78,65,124	4,34,07,000	4,26,06,000	6,54,737	5,10,000	5,74,000	8,16,809	9,45,000	9,50,000	2
Salt	6,41,68,998	5,63,09,000	6,73,25,000	...	...	...	832	1,000	1,000	3
Stamps	8,46,37,970	10,15,41,000	10,54,45,000	42,07,870	51,50,000	55,00,000	14,38,793	16,56,000	16,67,000	4
Excise	15,50,78,705	16,97,89,000	18,23,10,000	1,23,56,249	1,48,00,000	1,58,00,000	59,27,819	66,95,000	70,00,000	5
Provincial Rates	3,86,037	4,97,000	5,16,000	...	...	...	34,143	44,000	44,000	6
Customs	18,09,72,464	22,27,41,000	25,40,65,000	6,75,343	9,00,000	9,30,000	1,61,807	1,52,000	1,50,000	7
Income Tax	11,35,80,124	23,00,92,000	16,58,46,000	18,84,060	54,62,000	39,45,000	9,12,756	10,12,000	10,66,000	8
Forest	4,18,37,092	4,93,90,000	5,10,55,000	34,88,422	39,50,000	41,26,000	14,93,318	15,56,000	13,82,000	9
Registration	80,12,948	1,00,90,000	1,03,69,000	4,83,971	6,50,000	7,00,000	92,855	1,17,000	1,10,000	10
Tributes from Indian States	86,63,517	90,61,000	90,00,000	2,01,687	2,79,000	2,39,000	50,100	50,000	5,000	11
Total	99,50,67,679	1,19,34,01,000	1,21,40,84,000	4,15,41,364	5,36,04,000	5,41,47,000	1,98,24,671	2,12,02,000	2,14,63,000	12
Interest	1,54,99,497	1,92,17,000	1,93,08,000	1,86,208	2,81,000	3,90,000	1,27,015	1,02,000	1,56,000	13
Posts and Telegraphs	7,99,49,507	8,91,41,000	9,22,75,000	...	...	...	...	...	...	14
Mint	2,74,01,117	2,50,44,000	1,01,93,000	...	...	...	...	...	...	15
Receipts by Civil Departments:										
Law and Justice:										
Courts of Law	58,94,931	68,31,000	65,08,000	2,76,826	3,08,000	3,20,000	1,42,383	1,45,000	1,42,000	16
Jails	71,10,852	58,37,000	55,26,000	4,59,014	3,03,000	3,34,000	1,06,051	1,19,000	1,20,000	17
Police	26,38,641	24,29,000	19,77,000	20,210	20,000	20,000	1,28,704	1,10,000	1,03,000	18
Ports and Pilotage	19,82,606	20,50,000	22,60,000	...	...	...	38	...	...	19
Education	40,55,613	43,90,000	43,96,000	2,72,603	2,80,000	2,90,000	2,36,288	2,17,000	2,19,000	20
Medical	16,43,089	16,85,000	17,11,000	9,908	10,000	10,000	8,777	12,000	10,000	21
Sanitation	4,03,092	5,56,000	5,06,000	34,189	35,000	40,000	68,316	1,00,000	70,000	22
Agriculture	23,70,277	25,03,000	25,80,000	1,57,599	2,15,000	2,25,000	13,665	25,000	46,000	23
Scientific and Miscellaneous Departments	33,23,902	40,76,000	36,89,000	43,368	50,000	55,000	8,412	23,000	12,000	24
Total	2,94,23,003	3,03,57,000	2,91,53,000	12,73,717	12,21,000	12,94,000	7,12,634	7,51,000	7,22,000	25
Miscellaneous:										
Receipts in aid of Superannuation, etc.	23,09,887	23,93,000	24,18,000	3,47,295	3,69,000	4,00,000	37,426	36,000	38,000	26
Stationery and Printing	17,36,014	19,50,000	19,43,000	63,476	61,000	68,000	5,878	8,000	7,000	27
Exchange	7,25,16,177	...	6,00,00,000	...	...	...	...	...	...	28
Miscellaneous	2,27,55,132	2,08,51,000	2,62,28,000	2,36,469	2,52,000	2,40,000	44,367	36,000	37,000	29
Total	9,93,17,210	2,51,94,000	9,05,89,000	6,47,210	7,12,000	7,08,000	87,671	80,000	82,000	30
Railways:										
State Railways (Gross Receipts)	76,21,39,459	79,23,58,000	83,98,50,000	...	...	...	1,21,535	1,42,000	1,50,000	31
Deduct—										
Working Expenses	37,06,49,703	45,18,63,000	50,04,45,000	...	...	...	*1,17,079*	*1,37,000*	*1,55,000*	32
Surplus profits paid to Companies, etc.	1,89,63,551	2,05,69,000	1,60,00,000	...	...	...	...	...	...	33
Net Receipts	37,25,26,205	31,99,26,000	32,34,05,000	...	...	...	4,456	5,000	*—5,000*	34
Subsidized Companies (Government share of surplus profits and Re-payment of Advances of Interest)	1,78,845	1,78,000	1,67,000	...	...	...	...	...	...	35
Total	37,27,05,050	32,01,04,000	32,35,72,000	...	...	...	4,456	5,000	*—5,000*	36
Irrigation:										
Major Works: Direct Receipts	4,67,69,080	5,27,60,000	5,18,66,000	3,22,189	4,40,000	5,46,000	...	...	...	37
Portion of Land Revenue due to Irrigation	2,85,59,406	3,00,03,000	3,19,50,000	7,748	8,000	8,000	...	...	...	38
Minor Works and Navigation	44,70,166	43,48,000	47,28,000	69,012	95,000	80,000	...	...	...	39
Total	7,97,98,652	8,71,11,000	8,85,44,000	3,98,949	5,43,000	6,34,000	..	...	...	40
Other Public Works:										
Civil Works	45,82,724	48,05,000	48,59,000	4,23,024	4,62,000	5,54,000	2,08,995	1,86,000	1,56,000	41
Military Receipts:										
Army Effective	2,24,14,296	1,56,22,000	1,39,61,000	...	...	...	...	...	...	42
Non-effective	12,23,619	9,73,000	8,66,000	...	...	...	...	...	...	43
Marine	60,86,575	41,30,000	24,15,000	...	...	...	...	...	...	44
Military Works	15,26,377	14,10,000	13,80,000	...	...	...	...	...	...	45
Total	3,12,50,867	2,21,35,000	1,86,22,000	...	...	...	...	...	..	46
TOTAL REVENUE	1,73,49,95,306	1,81,65,09,000	1,89,11,99,000	4,44,70,472	5,68,23,000	5,77,27,000	2,09,65,442	2,23,26,000	2,25,74,000	47

in each of the PROVINCES of *British India*, and in *England*, for 1920-1921,
Results of 1918-1919 and 1919-1920—*continued*.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at R15=£1.								
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	31,63,49,164	33,13,61,000	35,69,68,000	21,089,944	22,090,800	23,797,800	...	...	...	21,089,944	22,090,800	23,797,800
2	4,93,36,670	4,48,62 000	4,41,30,000	3,289,111	2,990,800	2,942,000	...	...	...	3,289,111	2,990,800	2,942,000
3	6,41,69,830	5,63,10,000	6,73,26,000	4,277,989	3,754,000	4,488,400	...	...	...	4,277,989	3,754,000	4,488,400
4	9,02,84,638	10,83,47,000	11,26,12,000	6,018,976	7,223,100	7,507,500	...	...	...	6,018,976	7,223,100	7,507,500
5	17,33,62,773	19,12,84,000	20,51,10,000	11,557,518	12,752,300	13,674,000	...	...	...	11,557,518	12,752,300	13,674,000
6	4,20,180	5,41,000	5,60,000	28,012	36,100	37,400	...	...	...	28,012	36,100	37,400
7	18,18,09,614	22,37,93,000	25,51,45,000	12 120,641	14,919,500	17,009,700	...	...	...	12,120,641	14,919,500	17,009,700
8	11,63,76,940	23,65,66,000	17,08,57,000	7,758,462	15,771,000	11,390,400	...	...	...	7,758,462	15,771,000	11,390,400
9	4,68,18,832	5,48,96.000	5,65,63,000	3,121,255	3,659,800	3,770,900	...	...	...	3,121,255	3,659,800	3,770,900
10	85,89,774	1,08,57,000	1,11,79,000	572,652	723,800	745,200	...	...	...	572,652	723 800	745,200
11	89,15,304	93,90,000	92,44,000	594,354	626,000	616,300	...	...	..	594,354	626,000	616,300
12	1,05,64,33,714	1,26,82,07.000	1,28,96,94,000	70,428,914	84,547,200	85 979,600	...	...	...	70,428,914	84,547,200	85,979,600
13	1,58,12,720	1,96,00,000	1,98,54,000	1,054,182	1,306,700	1,323,600	2,775,240	3,073 400	2,692,000	3,829,422	4,380,100	4,015,600
14	7,99,49,507	8,91,41,000	9,22,75.000	5,329,967	5,942,700	6,151,700	13,000	54,100	32,500	5,342,967	5,996,800	6,184,200
15	2,74,01,117	2,50,44,000	1,01,93,000	1,826,741	1,669,600	679,500	73	100	...	1,826,814	1,669,700	679,506
16	63,14,140	72.84,000	69,70,000	420,943	485,600	464,700	...	...	...	420,943	485,600	464,700
17	76,75,917	62.59,000	59,80,000	511,728	417,300	398,700	...	...	...	511,728	417,300	398,700
18	27,87,555	25,59.000	21,00,000	185,837	170,600	140,000	...	...	...	185,837	170,600	140,000
19	19,82,644	20,50 000	22,60,000	132,176	136,700	150,600	...	...	...	132,176	136,700	150,600
20	45,64,504	48,57,000	49,05,000	304,300	325,800	327,000	...	...	...	304,300	325,800	327,000
21	16,61,774	17,07,000	17,31,000	110,785	113,800	115,400	231	300	300	111,016	114,100	115,700
22	5,05,597	6,91,000	6,16,000	33,706	46,000	41,000	...	...	...	33,706	46,000	41,000
23	25,41,541	27,43.000	28,51,000	169,436	182,900	190,100	...	...	...	169,436	182,900	190,100
24	33,75,682	41,49,000	37,56,000	225,046	276,600	250,400	614	1,800	1,300	225,660	278,400	251,700
25	3,14,09,354	3,23,29.000	3,11,69,000	2,093,957	2,155,300	2,077,900	845	2,100	1,600	2,094,802	2,157,400	2,079,500
26	26,94,608	27,28,000	28,56,000	179,641	186,500	190,400	37,506	43,700	43,700	217,147	230,200	234,100
27	18,05,368	20,19,000	20,18,000	120 ,358	134,600	134,500	...	...	...	120,358	134,600	134 500
28	7,25,16,177	...	6,00,00,000	4,834,412	...	4,000,000	...	...	...	4,834,412	...	4,000,000
29	2,30,35,938	2,11,69,000	2,65,05,000	1,535,729	1,411,300	1,767,000	20,812	86,700	141,200	1,556,541	1,498,000	1,908,200
30	10.00,52,091	2,59,86,000	9,13,79,000	6,670,140	1,732,400	6,091,900	58,318	130 400	184,900	6,728,458	1,862,800	6,276,800
31	76,22,60,994	79,25,00,000	84,00,00,000	50,817,400	52,833,300	56,000,000	20,595	48,600	48,600	50,837,995	52,881,900	56,048,600
32	*37,07,66,782*	*45,20,00,000*	*50,06,00,000*	*24,717,786*	*30,133,400*	*33,373,300*	...	...	...	24,717,786	*30,133,400*	*33,373,300*
33	*1,89,63,551*	*2,05,69,000*	*1,60,00,000*	*1,264,237*	*1,371,200*	*1,066,700*	...	...	...	1,264,237	*1,371,200*	*1,066,700*
34	37,25,30,661	31,99,31,000	32,34,00,000	24,835,377	21,328,700	21,560,000	20,595	48,600	48,600	24,855,972	21,377,300	21,608,600
35	1,78,845	1,78,000	1,67,000	11,923	11,900	11,100	94,344	218,100	155,000	106,267	230,000	166,100
36	37,27,09,506	32,01,09,000	32,35,67,000	24,847,300	21,340,600	21,571,100	114,939	266,700	203,600	24,962,239	21,607,300	21,774,700
37	4,70,91,269	5,32,00,000	5,24,12,000	3,139,418	3,546,700	3,494,100	...	...	...	3,139,418	3,546,700	3,494,100
38	3,85,67,154	3,00,11,000	3,19,58,000	1,904,477	2,000,700	2,130,500	...	...	...	1,904,477	2,000,700	2,130,500
39	45,39,178	44,43,000	48,08,000	302,612	296,200	320,600	...	...	...	302,612	296,200	320,600
40	8,01-97,601	8,76,54,000	8,91,78,000	5,346,507	5,843,600	5,945,200	...	...	...	5,346,507	5,843,600	5,945,200
41	52,14,743	54,53,000	55,69,000	347,649	363,500	371,300	...	...	...	347,649	363,500	371,300
42	2,24,14,296	1,56,22,000	1,39,61,000	1,494,286	1,041,500	930,700	231,740	255,000	237,000	1,726,026	1,296,500	1,167,700
43	12,23,619	9,73,000	8,66,000	81,575	64,800	57,800	34,841	5,411,000	41,000	116,416	5,475,800	98,800
44	60,86,575	41,30,000	24,15,000	405,772	275,300	161,000	...	...	...	405,772	275,300	161,000
45	15,26,377	14,10.000	13,80,000	101,758	94,000	92,000	...	...	...	101,758	94,000	92,000
46	3,12,50,867	2,21,35,000	1,86,22,000	2,083,391	1,475,600	1,241,500	266,581	5,666,000	278,000	2,349,972	7,141.600	1,519,500
47	1,80,04,31,220	1,89,56,58,000	1,97,15,00,000	120,028,748	126,377,200	131,433,300	3,228,996	9,192,800	3,392,600	123,257,744	135,570,000	134,825,900

No. 2.—ACCOUNT showing the ESTIMATED EXPENDITURE (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues:									
Refunds and Drawbacks	65,16,996	6,99,000	1,79,000	26,427	36,000	37,000	12,76,490	23,93,000	1
Assignments and Compensations	27,65,514	41,91,000	37,18,000	19,767	20,000	19,000	12,66,801	12,79,000	2
Charges in respect of Collection, *viz.*:									
Land Revenue	7,78,703	8,52,000	8,89,000	6,91,580	8,09,000	7,86,000	1,29,89,162	1,36,23,000	3
Opium (including cost of Production)	3,347	3,000	6,000	...	...	...	...	...	4
Salt (including cost of Production)	22,20,861	23,69,000	49,21,000	...	...	...	25,72,432	22,88,000	5
Stamps	*—14,88,570*	*—16,19,000*	*—16,93,000*	28,949	32,000	33,000	4,83,248	6,08,000	6
Excise	1,34,862	1,35,000	1,43,000	16,988	22,000	25,000	21,05,612	22,22,000	7
Customs	...	...	...	...	...	...	4,49,589	4,98,000	8
Income Tax	7,071	52,000	44,000	1,211	3,000	17,000	89,905	1,46,000	9
Forest	15,63,489	19,11,000	27,60,000	2,07,357	3,12,000	4,87,000	31,82,521	36,05,000	10
Registration	18,997	19,000	20,000	14,912	16,000	15,000	15,10,167	16,61,000	11
Total	1,25,21,270	85,12,000	1,09,87,000	10,07,141	12,50,000	13,69,000	2,59,25,927	2,83,18,000	12
Interest:									
Interest on Debt	12,28,64,081	15,00,26,000	15,13,69,000	...	...	...	3,74,983	4,18,000	13
Deduct—Amounts chargeable to Railways (a)	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*	...	...	...	...	...	14
Deduct—Amounts chargeable to Irrigation	*2,13,23,106*	*2,15,25,000*	*2,18,89,000*	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	3,17,16,240	5,34,94,000	4,72,60,000	...	...	...	3,74,983	4,18,000	16
Interest on other Obligations	1,40,76,054	1,51,27,000	1,58,00,000	209	...	...	2,75,924	4,23,000	17
Total	4,57,92,294	6,86,21,000	6,30,60,000	209	...	...	6,50,907	8,41,000	18
Posts and Telegraphs	5,62,29,585	6,26,35,000	7,33,50,000	...	...	...	...	...	19
Mint	21,80,607	26,31,000	16,06,000	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:									
General Administration	83,84,000	85,72,000	93,70,000	3,73,636	3,97,000	3,87,000	23,06,134	25,94,000	21
Law and Justice:									
Courts of Law	4,88,634	4,94,000	4,72,000	7,10,503	7,72,000	7,42,000	90,03,341	99,03,000	22
Jails	25,12,850	25,85,000	25,87,000	3,37,010	3,59,000	3,99,000	21,10,324	25,82,000	23
Police	26,24,281	28,69,000	28,80,000	26,05,248	39,48,000	31,90,000	1,21,14,821	1,41,26,000	24
Ports and Pilotage	...	...	...	...	...	...	44,124	53,000	25
Education	11,94,356	13,96,000	45,09,000	6,99,961	7,09,000	10,32,000	1,10,20,677	1,23,56,000	26
Ecclesiastical	2,06,983	2,19,000	2,16,000	67,817	66,000	76,000	3,50,675	3,38,000	27
Medical	12,01,125	13,63,000	15,14,000	1,49,132	1,85,000	2,53,000	26,91,352	35,05,000	28
Sanitation	11,44,216	18,91,000	31,36,000	1,71,819	2,19,000	2,18,000	15,61,697	23,19,000	29
Political	3,06,06,666	2,18,02,000	1,84,86,000	48,42,184	50,23,000	49,31,000	1,89,091	1,98,000	30
Agriculture	11,81,980	13,27,000	19,22,000	91,221	1,12,000	1,44,000	15,56,055	19,12,000	31
Scientific and Miscellaneous Departments	39,89,159	63,36,000	75,20,000	22,831	15,000	15,000	17,73,460	19,39,000	32
Total	5,33,38,250	4,88,54,000	5,26,12,000	1,00,71,362	1,18,00,000	1,13,87,000	4,47,21,751	5,17,35,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	2,02,221	1,94,000	2,06,000	77,775	57,000	60,000	2,75,777	2,93,000	34
Civil Furlough and Absentee Allowances	3,518	18,000	7,000	...	...	...	21,791	30,000	35
Superannuation Allowances and Pensions	15,84,167	16,91,000	15,72,000	1,96,915	2,03,000	1,99,000	36,54,357	37,20,000	36
Stationery and Printing	48,16,739	41,40,000	30,77,000	1,30,623	1,38,000	1,61,000	21,75,214	21,74,000	37
Miscellaneous	28,32,611	26,49,000	66,24,000	58,590	1,84,000	9,49,000	7,09,013	9,37,000	38
Total	94,39,256	86,92,000	1,14,86,000	4,63,903	5,87,000	13,69,000	68,36,152	71,54,000	39
Famine Relief and Insurance:									
Famine Relief	24,687	62,000	...	...	...	...	93,256	38,55,000	40
Construction of Protective Railways	—286	...	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	...	...	—2,00,000	...	...	...	2,13,652	1,72,000	42
Reduction or Avoidance of Debt	56,85,032	...	93,08,000	...	...	...	...	...	43
Total	57,09,433	62,000	91,08,000	...	...	...	3,06,908	40,27,000	44
Carried forward	18,51,10,695	20,00,07,000	22,22,11,000	1,15,42,615	1,36,37,000	1,41,25,000	7,84,41,645	9,20,75,000	45

	ACCOUNTS, 1918-1919.			
	India	India converted into £ at R15=£1.	England.	TOTAL.
(a) Included under one following heads:—	Rs.	£	£	£
State Railways: Interest on Debt	6,96,37,191	4,642,479	3,558,238	8,200,717
Interest chargeable against Companies on Advances	2,88,544	19,236	81,250	100,486
TOTAL	6,99,25,735	4,661,715	3,639,488	8,301,203

in each of the PROVINCES of *British India*, and in *England*, for 1920-1921, RESULTS OF 1918-1919 and 1919-1920.

		BOMBAY.			BENGAL.			CARRIED FORWARD.		
	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	11,55,000	62,53,338	93,70,000	83,70,000	26,78,129	45,35,000	24,35,000	1,67,51,380	1,70,33,000	1,21,76,000
2	13,20,000	1,10,44,553	1,10,12,000	1,21,29,000	2,39,115	2,66,000	2,89,000	1,53,35,750	1,67,68,000	1,74,75,000
3	2,01,57,000	1,01,95,691	1,08,13,000	1,44,52,000	57,71,019	58,00,000	71,95,000	3,04,26,155	3,18,97,000	4,34,29,000
4	...	...	...	...	33,383	34,000	34,000	36,780	37,000	40,000
5	23,34,000	30,74,188	34,19,000	37,96,000	2,71,632	3,10,000	2,80,000	81,39,113	82,86,000	1,13,81,000
6	5,51,000	3,41,159	3,22,000	3,30,000	6,72,530	7,90,000	8,37,000	37,316	1,28,000	58,000
7	23,05,000	12,99,273	15,50,000	34,08,000	10,57,500	11,69,000	11,85,000	46,14,185	50,98,000	70,66,000
8	6,03,000	18,61,464	19,50,000	25,09,000	13,85,874	13,70,000	16,57,000	36,96,927	38,18,000	47,69,000
9	2,51,000	2,84,182	4,58,000	5,63,000	2,06,093	2,50,000	2,47,000	5,88,462	9,09,000	11,22,000
10	43,32,000	78,72,196	64,00,000	54,77,000	8,25,835	9,30,000	13,57,000	1,36,51,398	1,31,58,000	1 44,13,000
11	18,04,000	4,84,838	5,17,000	5,07,000	11,33,912	13,00,000	13,89,000	31,62,826	35,13,000	37,35,000
12	3,48,62,000	4,27,10,883	4,58,11,000	5,15,41,000	1,42,75,022	1,67,54,000	1,69,05,000	9 64,40 242	10,06,45,000	11,56,64,000
13	4,81,000	7,08,440	12,14,000	15,06,000	4,56,074	5,10,000	5,27,000	12,44,03,578	15,21,63,000	15,38,83,000
14	...	...	...	...	...	...	...	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*
15	...	...	...	...	...	...	...	*2,12,32,106*	*2,15,25,000*	*2,18,89,000*
16	4,81,000	7,08,440	12,14,000	15,06,000	4,56,074	5,10,000	5,27,000	3,32,55,737	5,56,36,000	4,97,74,000
17	4,52,000	5,11,218	6,44,000	6,88,000	2,56,665	4,02,000	4,65,000	1,51,20,070	1,65,96,000	1,74,05,000
18	9,33,000	12,19,658	18,58,000	21,94,000	7,12,739	9,12,000	9,92,000	4,83,75,807	7,22,32,000	6,71,79,000
19	...	...	...	...	...	...	...	5,62,29,585	6,26,35,000	7,33,50,000
20	...	18,36,254	18,05,000	13,24,000	...	...	...	40,16,861	44,36,000	29,30,000
21	29,13,000	33,55,375	38,99,000	38,05,000	31,10,036	32,13,000	33,47,000	1,74,29,181	1,85,85,000	1,98,22,000
22	1,03,77,000	61,63,112	64,50,000	66,99,000	1,04,01,062	1,06,33,000	1,14,37,000	2,67,66,652	2,82,52,000	2,97,27,000
23	23,45,000	20,06,674	26,00,000	23,81,000	37,82,307	41,00,000	40,60,000	1,07,49,165	1,22,26,000	1,17,72,000
24	1,46,89,000	1,19,33,534	1,48,85,000	1,67,69,000	1,32,25,406	1,48,00,000	1,50,32,000	4,25,03,290	5,01,23,000	5,25,60,000
25	56,000	1,28,459	1,48,000	1,89,000	12,85,749	25,34,000	15,02,000	14,53,332	27,30,000	17,47,000
26	1,39,04,000	1 07,65,527	1,24,60,000	1,48,80,000	86,12,234	95,08,000	1,21,42,000	3,22,92,755	3,64,29,000	4,64,67,000
27	3,82,000	3,77,867	3,86,000	3,95,009	1,92,408	1,86,000	1,98,000	11,97,750	11,95,000	12,67,000
28	44,54,000	25,31,495	35,06,000	51,39,000	29,01,028	31,00,000	37,10,000	94,74,132	1,16,59,000	1,50,70,000
29	34,52,000	8,16,326	11,22,000	28,77,000	7,71,020	15,00,000	15,67,000	44,65,078	70,51,000	1,12,50,000
30	1,55,000	11,23,221	11,53,000	11,24,000	2,92,222	47,000	50,000	5,67,55,381	2,82,23,000	2,47,46,000
31	26,15,000	18,55,006	21,10,000	29,31,000	14,26,033	17,25,000	21,15,000	61,10,295	71,86,000	97,27,000
32	23,26,000	4,57,125	6,25,000	12,26,000	25,49,869	9,17,000	11,11,000	87,92,444	98,32,000	1,21,98,000
33	5,76,68,000	4,14,13,721	4,93,39,000	5,84,15,000	4,85,49,374	5,17,63,000	5,62,71,000	19,79,94,458	21,34,91,000	23,63,53,000
34	2,90,000	4,67,280	4,82,000	4,63,000	6,93,011	6,64,000	6,62,000	17,16,064	16,90,000	16,83,000
35	20,000	15,438	14,000	9,000	419	1,000	1,000	41,166	63,000	37,000
36	37,74,000	43,54,295	44,83,000	46,46,000	35,67,579	38,50,000	40,37,000	1,33,57,313	1,39,47,000	1,42,78,000
37	23,99,000	27,03,929	31,21,000	29,44,000	15,08,589	17,70,000	17,52,000	1,13,35,094	1,13,43,000	1,03,33,000
38	14,26,000	24,80,908	15,70,000	16,06,000	9,07,947	7,08,000	24,70,000	69,89,069	60,53,000	1,30,77,000
39	79,09,000	1,00,21,850	96,70,000	96,70,000	66,77,545	69,93,000	89,72,000	3,34,38,706	3,30,96,000	3,94,08,000
40	...	27,19,946	47,23,000	...	34,710	12,60,000	1,00,000	28,72,599	99,00,000	1,00,000
41	...	...	...	...	...	...	...	—286	...	...
42	1,36,000	26,61,875	33,36,000	30,19,000	3,558	2,000	1,000	28,79,085	35,10,000	29,56,000
43	...	...	...	...	...	...	...	56,85,032	...	93,08,000
44	1,36,000	53,81,821	80,59,000	30,19,000	38,268	12,62,000	1,01,000	1,14,36,430	1,34,10,000	1,23,64,000
45	10,15,08,000	10,25,84,186	11,65,42,000	12,61,63,000	7,02,52,948	7,76,84,000	8,32,41,000	44,79,32,089	49,99,45,000	54,72,48,000

REVISED ESTIMATE, 1919-1920.				BUDGET ESTIMATE, 1920-1921.			
India.	India converted into £ at R15=£1.	England.	TOTAL.	India.	India converted into £ at R15=£1.	England.	TOTAL.
Rs.	£	£	£	Rs.	£	£	£
7,47,01,000	4,980,000	3,592,600	8,572,600	8,19,00,000	5,460,000	3,675,700	9,135,700
3,06,000	20,400	81,200	101,600	3,20,000	21,300	81,200	102,500
7,50,07,000	5,000,400	3,673,800	8,674,200	8,22,20,000	5,481,300	3,756,900	9,238,200

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	Brought forward.			United Provinces of Agra and Oudh.			Punjab.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	
Direct Demands on the Revenues:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Refunds and Drawbacks	1,67,51,380	1,70,33,000	1,21,76,000	3,76,096	7,45,000	5,75,000	2,40,852	2,88,000	1
Assignments and Compensations	1,53,35,750	1,67,68,000	1,74,75,000	3,09,581	3,14,000	3,28,000	94,479	96,000	2
Charges in respect of Collection, *viz.*:									
Land Revenue	3,04,26,155	3,18,97,000	4,34,29,000	1,02,20,896	1,00,20,000	96,89,000	49,40,762	57,86,000	3
Opium (including cost of Production)	36,730	37,000	40,000	1,95,72,603	1,34,28,000	1,73,68,000	...	...	4
Salt (including cost of Production)	81,39,113	32,86,000	1,13,81,000	...	...	...	...	...	5
Stamps	37,316	1,28,000	58,000	2,71,924	3,30,000	3,29,000	1,95,821	2,16,000	6
Excise	46,14,185	50,98,000	70,66,000	4,97,366	6,80,000	5,40,000	2,34,450	2,60,000	7
Customs	36,96,927	38,18,000	47,69,000	...	...	...	..	...	8
Income Tax	5,88,462	9,09,000	11,22,000	35,585	2,60,000	3,16,000	58,318	1,10,000	9
Forest	1,36,51,398	1,31,58,000	1,44,13,000	45,98,932	57,97,000	70,22,000	17,95,804	24,63,000	10
Registration	31,62,826	35,13,000	37,35,000	3,09,182	3,17,000	3,65,000	1,34,219	1,70,000	11
Total	9,64,40,242	10,06,45,000	11,56,64,000	3,61,92,195	3,18,91,000	3,65,32,000	76,94,705	93,89,000	12
Interest:									
Interest on Debt	12,44,03,578	15,21,68,000	15,38,83,000	13,79,065	16,40,000	13,88,000	1,82,908	2,19,000	13
Deduct—Amounts chargeable to Railways	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*	...	...	...	...	...	14
„ „ Irrigation	*2,12,22,106*	*2,15,25,000*	*2,18,89,000*	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	3,32,55,737	5,56,36,000	4,97,74,000	13,79,065	16,40,000	13,88,000	1,82,908	2,19,000	16
Interest on other Obligations	1,51,20,070	1,65,96,000	1,74,05,000	10,74,034	11,87,000	14,82,000	2,10,703	3,24,000	17
Total	4,83,75,807	7,22,32,000	6,71,79,000	24,53,099	28,27,000	28,70,000	3,93,611	5,43,000	18
Posts and Telegraphs	5,62,29,585	6,26,35,000	7,33,50,000	...	...	...	...	...	19
Mint	40,16,861	44,36,000	29,30,000	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:									
General Administration	1,74,29,181	1,85,85,000	1,98,22,000	23,58,329	25,46,000	25,73,000	16,34,266	18,73,000	21
Law and Justice:									
Courts of Law	2,67,66,652	2,82,52,000	2,97,27,000	70,09,786	75,41,000	71,58,000	46,21,661	52,64,000	22
Jails	1,07,49,165	1,22,26,000	1,17,72,000	30,68,849	38,26,000	28,44,000	23,37,515	23,26,000	23
Police	4,25,03,290	5,01,23,000	5,25,60,000	1,33,20,228	1,44,73,000	1,39,90,000	71,19,367	83,45,000	24
Ports and Pilotage	14,58,332	27,30,000	17,47,000	...	...	...	...	...	25
Education	3,22,92,755	3,64,29,000	4,64,67,000	76,81,609	1,04,89,000	1,30,74,000	53,55,779	58,57,000	26
Ecclesiastical	11,97,750	11,95,000	12,67,000	2,68,869	2,60,000	2,97,000	2,76,295	2,54,000	27
Medical	94,74,132	1,16,59,000	1,50,70,000	15,81,469	18,47,000	21,52,000	11,67,299	14,29,000	28
Sanitation	44,65,078	70,51,000	1,12,50,000	19,14,786	23,99,000	45,20,000	8,06,046	10,12,000	29
Political	3,67,55,384	2,82,23,000	2,47,46,000	1,42,459	2,62,000	2,45,000	7,24,540	6,39,000	30
Agriculture	61,10,295	71,86,000	97,27,000	17,53,523	19,08,000	27,00,000	16,84,219	22,58,000	31
Scientific and Miscellaneous Departments	87,92,444	98,32,000	1,21,98,000	1,99,290	3,14,000	3,17,000	1,68,711	2,63,000	32
Total	19,79,94,458	21,34,91,000	23,63,53,000	3,92,99,197	4,58,65,000	4,98,70,000	2,58,95,698	2,95,20,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	17,16,064	16,90,000	16,83,000	7,47,412	7,80,000	7,68,000	69,825	68,000	34
Civil Furlough and Absentee Allowances	41,166	63,000	37,000	...	...	1,000	...	...	35
Superannuation Allowances and Pensions	1,33,57,313	1,39,47,000	1,42,78,000	39,39,623	40,55,000	42,72,000	26,05,513	25,93,000	36
Stationery and Printing	1,13,35,094	1,13,43,000	1,03,33,000	10,10,581	11,82,000	11,54,000	8,65,407	9,51,000	37
Miscellaneous	69,89,069	60,53,000	1,30,77,000	7,97,908	5,78,000	59,77,000	20,27,962	21,03,000	38
Total	3,34,38,706	3,30,96,000	3,94,08,000	64,95,524	65,45,000	1,21,72,000	55,68,707	57,15,000	39
Famine Relief and Insurance:									
Famine Relief	28,72,599	99,00,000	1,00,000	12,51,553	10,69,000	5,000	66,081	30,000	40
Construction of Protective Railways	—286	...	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	28,79,085	35,10,000	29,56,000	4,37,404	4,14,000	5,74,000	...	...	42
Reduction or Avoidance of Debt	56,85,032	...	93,08,000	...	...	...	...	...	43
Total	1,14,36,430	1,34,10,000	1,23,64,000	16,88,957	14,83,000	5,79,000	66,081	30,000	44
Carried forward	44,79,32,089	49,99,45,000	54,72,48,000	8,61,28,972	8,86,11,000	10,20,23,000	3,96,18,802	4,51,97,000	45

in each of the Provinces of *British India*, and in *England*, for 1920-1921, Results of 1918-1919 and 1919-1920—*continued*.

		Burma.			Bihar and Orissa.			Carried forward.		
	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,70,000	11,52,268	14,97,000	9,61,000	1,33,349	1,32,000	1,23,000	1,86,53,945	1,96,95,000	1,41,05,009
2	97,000	200	1,000	1,000	94,342	1,07,000	1,07,000	1,58,34,352	1,72,86,000	1,80,08,000
3	60,26,000	70,42,727	66,32,000	88,88,000	31,26,532	33,17,000	33,00,000	5,57,57,072	5,76,52,000	7,13,32,000
4	...	...	...	...	...	...	...	1,96,09,333	1,34,65,000	1,74,08,000
5	...	46,846	48,000	51,000	76,815	77,000	77,000	82,62,774	84,11,000	1,15,09,000
6	2,24,000	1,01,128	1,20,000	1,11,000	2,24,171	2,55,000	2,61,000	8,30,360	10,49,000	9,33,000
7	3,02,000	13,05 586	13,45,000	14,20,000	6,40,824	9,22,000	7,82,000	72,92,411	83,05,000	1,01,10,000
8	...	8 33,478	7,78,000	10,13,000	15,332	17,000	18,000	45,45,787	46,13,000	58,00,000
9	1,85,000	62,811	1,16,000	1,82,000	46,921	51,000	62,000	7,92,097	14,46,000	18,67,000
10	37,64,000	56 91,982	66,60,000	70,67,000	4,30,849	5,41,000	6,53,000	2,61,68,995	2,86,19,000	3,29,19,000
11	1,56,000	1,06,625	1,16,000	1,13,000	3,98,464	4,50,000	4,04,000	41,11,316	45,66,000	47,78,000
12	1,10,24,000	1,63,43,651	1,73,13,000	1,98,07,000	51,67,649	58,69,000	57,87,000	16,18,58,442	16,51,07,000	18,88,14,000
13	2,58,000	1,77,951	2,14,000	2,53,000	1,10,476	2,03,000	2,70,000	12,62,53,978	15,44,44,000	15,60,52,000
14	...	...	...	...	...	...	...	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*
15	...	...	...	...	...	...	...	*2,12,22,106*	*2,15,25,000*	*2,18,89,000*
16	2,58,000	1,77,951	2,14,000	2,53,000	1,10,476	2,03,000	2,70,000	3,51,06,137	5,79,12,000	5,19,43,000
17	3,59,000	1,73,627	2,88,000	3,36,000	1,41,598	2,22,000	2,54,000	1,67,20,032	1,86,17,000	1,96,36,000
18	6,17,000	3,51,578	5,02,000	5,89,000	2,52,074	4,25,000	5,24,000	5,18,26,169	7,65,29,000	7,17,79,000
19	...	...	...	...	...	...	...	5,62,29,585	6,26,35,000	7,33,50,000
20	...	...	...	...	...	...	...	40,16,861	44,36,000	29,30,000
21	20,56,000	23,40,603	25,20,000	26,55,000	16,96,748	18,42,000	19,20,000	2,54,59,127	2,73,66,000	2,90,26,000
22	54,92,000	48,11,295	51,84,000	58,53,000	42,36,165	46,08,000	48,00,000	4,74,45,559	5,08,49,000	5,30,30,000
23	22,20,000	15,17,418	16,29,000	16,72,000	22,19,438	21,01,000	20,13,000	1,98,92,385	2,21,08,000	2,05,31,000
24	76,49,000	1,51,00,286	1,48,32,000	1,67,42,000	53,31,476	63,19,000	62,24,000	8,34,24,747	9,40,92,000	9,71,65,000
25	...	17,82,514	18,37,000	21,00,000	5,460	7,000	7,000	32,46,306	45,74,000	33,54,000
26	75,93,000	42,29,148	41,13,000	45,89,000	44,45,117	49,28,000	51,70,000	5,40,04,408	6,18,16,000	7,68,93,000
27	2,93,000	1,26,643	1,31,000	1,62,000	37,013	40,000	41,000	19,06,570	18,80,000	20,65,000
28	21,75,000	18,66,558	20,79,000	22,69,000	9,03,601	10,71,000	14,38,000	1,49,93,059	1,80,85,000	2,31,04,000
29	12,89,000	8,44,684	9,30,900	11,60,000	3,69,750	4,43,000	5,73,000	84,00,344	1,18,35,000	1,87,92,000
30	6,00,000	12,60,796	12,93,000	16,82,000	55,110	88,000	84,000	3,89,38,289	3,05,05,000	2,73,57,000
31	30,33,000	8,59,686	8,37,000	13,42,000	6,29,765	7,01,000	9,54,000	1,10,37,488	1,28,90,000	1,77,56,000
32	4,44,000	1,44,624	1,97,000	2,82,000	71,326	2,36,000	1,78,000	93,76,395	1,06,42,000	1,34,19,000
33	3,28,59,000	3,48,84,355	3,55,82,000	4,05,06,000	2,00,50,969	2,23,84,000	2,34,02,000	31,81,24,677	34,68,42,000	38,29,93,000
34	70,000	1,26,482	1,67,000	1,69,000	55,317	52,000	53,000	27,15,100	27,07,000	27,43,000
35	...	...	...	...	11,238	10,000	10,000	52,404	73,000	46,000
36	26,74,000	14,41,545	15,41,009	16,34,000	10,42,111	10,99,000	10,98,000	2,23,86,105	2,32,35,000	2,39,56,000
37	9,78,000	7,53,045	9,40,000	9,27,000	6,37,545	7,08,000	7,30,000	1,46,01,672	1,51,24,000	1,41,22,000
38	67,02,000	5,43,830	6,23,000	5,87,000	2,19,594	3,16,000	17,07,000	1,05,78,363	96,73,000	2,80,50,000
39	1,04,24,000	28,64,902	32,71,000	33,17,000	19,65 805	21,85,000	35,98,000	5,08,33,644	5,08,12,000	6,89,19,000
40	...	...	50,000	1,04,000	75,723	7,80,000	75,000	42,65,956	1,18,29,000	2,84,000
41	...	...	...	...	...	...	...	—286	...	...
42	...	...	...	...	1,32,990	1,52,000	1,40,000	34,49,479	40,76,000	36,70,000
43	...	...	...	...	...	...	...	56,85,032	...	93,08,000
44	...	...	50,000	1,04,000	2,08,718	9,32,000	2,15,000	1,34,00,181	1,59,05,000	1,32,62,000
45	5,49,24,000	5,44,44,486	5,67,13,000	6,43,25,000	2,76,65,210	3,17,95,000	3,35,26,000	65,57,89,559	72,22,66,000	80,20,46,000

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	
Direct Demands on the Revenues:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Refunds and Drawbacks	1,86,53,945	1,96,95,000	1,41,05,000	95,175	9,20,000	4,12,000	1,20,257	73,000	56,000	1
Assignments and Compensations	1,58,34,352	1,72,86,000	1,80,08,000	25,51,279	25,55,000	25,55,000	58,039	55,000	55,000	2
Charges in respect of Collection, *viz.* :—										
Land Revenue	5,57,57,072	5,76,52,000	7,13,32,000	42,48,005	45,67,000	46,23,000	15,39,315	17,67,000	17,10,000	3
Opium (including cost of Production)	1,96,09,333	1,34,65,000	1,74,08,000	...	...	...	...	...	...	4
Salt (including cost of Production)	82,62,774	84,11,000	1,15,09,000	...	...	...	880	1,000	1,000	5
Stamps	8,30,360	10,49,000	9,83,000	1,22,920	1,50,000	1,58,000	46,818	54,000	53,000	6
Excise	72,92,411	83,05,000	1,01,10,000	5,45,415	6,02,000	6,30,000	2,37,037	1,31,000	1,43,000	7
Customs	45,45,787	46,13,000	58,00,000	...	...	...	...	...	...	8
Income Tax	7,92,097	14,46,000	18,67,000	38,022	63,000	1,30,000	4,344	5,000	7,000	9
Forest	2,61,68,995	2,86,19,000	3,29,19,000	20,15,547	23,40,000	24,95,000	6,90,961	8,99,000	9,79,000	10
Registration	41,11,316	45,66,000	47,73,000	1,72,472	1,84,000	1,70,000	67,789	78,000	84,000	11
Total	16,16,58,442	16,51,07,000	18,88,14,000	97,88,835	1,13,81,000	1,11,68,000	27,65,490	30,63,000	30,88,000	12
Interest:										
Interest on Debt	12,62,53,978	15,44,44,000	15,60,52,000	2,01,191	3,36,000	3,55,000	1,46,720	1,20,000	93,000	13
Deduct—Amounts chargeable to Railways	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*	...	...	...	...	...	...	14
Deduct—Amounts chargeable to Irrigation	*2,12,23,106*	*2,15,25,000*	*2,18,89,000*	...	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	3,51,06,137	5,79,12,000	5,19,43,000	2,01,191	3,36,000	3,55,000	1,46,720	1,20,000	93,000	16
Interest on other Obligations	1,67,20,032	1,86,17,000	1,98,36,000	1,30,767	2,03,000	2,29,000	50,680	76,000	80,000	17
Total	5,18,26,169	7,65,29,000	7,17,79,000	3,31,958	5,39,000	5,84,000	1,97,400	1,96,000	1,73,000	18
Posts and Telegraphs	5,62,29,585	6,26,85,000	7,33,50,000	...	...	...	...	...	...	19
Mint	40,16,861	44,36,000	29,30,000	...	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:										
General Administration	2,54,59,127	2,73,66,000	2,90,26,000	11,90,990	12,08,000	13,72,000	7,67,517	7,96,000	8,27,000	21
Law and Justice:										
Courts of Law	4,74,45,559	5,08,49,000	5,30,30,000	31,95,731	34,30,000	32,74,000	10,92,628	10,83,000	11,73,000	22
Jails	1,98,92,385	2,21,08,000	2,05,31,000	8,97,994	9,90,000	9,40,000	3,42,886	3,50,000	3,86,000	23
Police	8,34,24,747	9,40,92,000	9,71,65,000	39,14,477	43,98,000	43,08,000	42,98,235	34,65,000	27,75,000	24
Ports and Pilotage	32,46,306	45,74,000	38,54,000	...	...	...	75,803	62,000	76,000	25
Education	5,40,04,408	6,18,16,000	7,68,93,000	37,71,851	41,00,000	46,23,000	16,09,943	16,96,000	21,41,000	26
Ecclesiastical	19,06,570	18,80,000	20,65,000	1,19,009	1,07,000	1,15,000	24,694	24,000	29,000	27
Medical	1,49,93,059	1,80,85,000	2,31,04,000	9,32,116	10,16,000	12,20,000	6,00,248	6,50,000	7,28,000	28
Sanitation	84,00,344	1,18,35,000	1,87,92,000	7,87,518	5,98,000	9,34,000	2,56,548	3,10,000	3,96,000	29
Political	3,89,38,289	3,05,05,000	2,73,57,000	38,948	42,000	43,000	5,09,765	6,42,000	7,43,000	30
Agriculture	1,10,37,488	1,28,90,000	1,77,56,000	9,38,160	10,66,000	13,19,000	3,11,273	3,82,000	5,01,000	31
Scientific and Miscellaneous Departments	93,76,395	1,08,42,000	1,84,19,000	2,48,326	3,78,000	4,63,000	1,15,624	1,48,000	1,82,000	32
Total	31,81,24,677	34,68,42,000	38,29,92,000	1,60,35,120	1,73,33,000	1,86,12,000	1,00,05,164	96,08,000	99,57,000	33
Miscellaneous Civil Charges:										
Territorial and Political Pensions	27,15,100	27,07,000	27,43,000	1,70,124	1,72,000	1,72,000	8,301	8,000	8,000	34
Civil Furlough and Absentee Allowances	52,404	73,000	48,000	...	...	...	121	3,000	...	35
Superannuation Allowances and Pensions	2,23,86,105	2,32,35,000	2,39,56,000	10,59,604	11,10,000	11,12,000	3,41,784	4,29,000	3,85,000	36
Stationery and Printing	1,46,01,672	1,51,24,000	1,41,22,000	3,77,993	4,44,000	4,11,000	1,43,874	1,74,000	1,83,000	37
Miscellaneous	1,05,73,363	96,73,000	2,80,50,000	2,79,066	1,98,000	29,35,000	4,88,323	5,05,000	10,57,000	38
Total	5,03,33,644	5,08,12,000	6,89,19,000	18,86,787	19,24,000	46,30,000	9,82,403	11,19,000	16,33,000	39
Famine Relief and Insurance:										
Famine Relief	42,65,956	1,18,29,000	2,84,000	3,50,494	14,41,000	...	64	16,000	8,000	40
Construction of Protective Railways	—286	...	...	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	34,49,479	40,76,000	36,70,000	12,35,166	13,14,000	14,48,000	...	...	...	42
Reduction or Avoidance of Debt.	56,85,032	...	93,08,000	...	...	...	...	...	...	43
Total	1,34,00,181	1,59,05,000	1,32,62,000	15,85,660	27,55,000	14,48,000	64	16,000	8,000	44
Carried forward	65,57,89,559	72,22,66,000	80,20,46,000	2,96,28,360	3,39,32,000	3,64,42,000	1,39,50,521	1,40,02,000	1,48,59,000	45

in each of the Provinces of *British India*, and in *England*, for 1920-1921,
Results of 1918-1919 and 1919-1920—*continued*.

	Total India.						England.			Grand Total.		
	Rupees.			Rupees converted into £ at Rs15=£1.								
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	1,88,69,377	2,06,88,000	1,45,73,000	1,257,958	1,379,200	971,500	...	...	...	1,257,958	1,379,200	971,500
2	1,84,43,670	1,98,96,000	2,06,18,000	1,229,578	1,326,400	1,374,500	...	...	...	1,229,578	1,326,400	1,374,500
3	6,15,44,393	6,39,86,000	7,76,65,000	4,102,960	4,265,700	5,177,600	1,373	3,600	1,600	4,104,333	4,269,300	5,179,200
4	1,96,09,333	1,34,65,000	1,74,08,000	1,307,289	897,700	1,160,500	596	1,400	2,700	1,307,885	899,100	1,163,200
5	82,63,654	84,12,000	1,15,10,000	550,910	560,800	767,400	2,190	2,800	1,600	553,100	563,600	769,000
6	10,00,098	12,53,000	11,89,000	66,673	83,500	79,300	153,248	175,000	110,000	219,921	258,500	189,300
7	80,74,913	90,38,000	1,08,83,000	538,328	602,600	725,500	200	900	500	538,528	603,500	726,000
8	45,45,787	46,13,000	58,00,000	303,052	307,500	386,700	120	400	200	303,172	307,900	386,900
9	8,34,463	15,14,000	20,04,000	55,631	100,900	133,600	...	...	...	55,631	100,900	133,600
10	2,68,75,503	3,18,58,000	3,63,93,000	1,925,034	2,123,900	2,426,200	1,877	8,700	35,500	1,926,911	2,132,600	2,461,700
11	43,51,577	48,28,000	50,27,000	290,105	321,800	335,200	...	...	....	290,105	321,800	335,200
12	17,44,12,767	17,95,51,000	20,30,70,000	11,627,518	11,970,000	13,538,000	159,604	192,800	152,100	11,787,122	12,162,800	13,690,100
13	12,66,01,889	15,49,00,000	15,65,00,000	8,440,126	10,326,700	10,433,300	8,400,805	7,582,100	7,239,400	16,840,931	17,908,800	17,672,700
14	*6,99,25,735*	*7,50,07,000*	*8,22,20,000*	*4,661,715*	*5,000,500*	*5,481,300*	*3,639,488*	*3,673,800*	*3,756,900*	*8,301,203*	*8,674,300*	*9,238,200*
15	*2,12,22,106*	*2,15,25,000*	*2,18,89,000*	*1,414,808*	*1,435,000*	*1,459,300*	*124,596*	*125,000*	*125,700*	*1,539,404*	*1,560,000*	*1,585,000*
16	8,54,54,048	5,83,68,000	5,23,91,000	2,363,603	3,891,200	3,492,700	4,636,721	3,783,300	3,356,800	7,000,324	7,674,500	6,849,500
17	1,69,01,479	1,88,96,000	2,01,45,000	1,126,766	1,259,700	1,343,000	...	...	...	1,126,766	1,259,700	1,343,000
18	5,23,55,527	7,72,64,000	7,25,36,000	3,490,369	5,150 900	4,835,700	4,636,721	3,783,300	3,356,800	8,127,090	8,934,200	8,192,500
19	5,62,29,585	6,26,35,000	7,33,50,000	3,748,639	4,175,700	4,890,000	226,315	549,600	1,183,500	3,974,954	4,725,300	6,073,500
20	40,16,861	44,36,000	29,30,000	267,791	295,700	195,400	38,019	60,500	62,800	305,810	356,200	258,200
21	2,74,17,634	2,93,70,000	3,12,25,000	1,827,842	1,958,000	2,081,700	661,872	738,600	742,700	2,489,714	2,696,600	2,824,400
22	5,17,53,918	5,53,62,000	5,74,77,000	3,448,928	3,690,800	3,831,800	536	21,500	2,600	3,449,464	3,712,300	3,834,400
23	2,11,33,265	2,34,48,000	2,18,57,000	1,408,884	1,563,200	1,457,100	587	...	...	1,409,471	1,563,200	1,457,100
24	9,16,37,459	10,19,55,000	10,42,48,000	6,109,164	6,797,000	6,949,900	562	3,000	2,800	6,109,726	6,800,000	6,952,700
25	33,22,109	46,36,000	39,30,000	221,474	309,100	262,000	60	500	300	221,534	309,600	262,300
26	5,93,86,202	6,76,12,000	8,36,57,000	3,959,080	4,507,500	5,577,200	15,446	15,600	13,000	3,974,526	4,523,100	5,590,200
27	20,50,273	20,11,000	22,10,000	136,685	134,100	147,300	107	600	400	136,792	134,700	147,700
28	1,65,25,423	1,97,51,000	2,50,52,000	1,101,695	1,316,700	1,670,200	7,842	27,100	16,600	1,109,537	1,343,800	1,686,800
29	94,44,410	1,27,43,000	2,01,22,000	629,627	849,500	1,341,400	625	4,500	2,000	630,252	854,000	1,343,400
30	3,94,87,002	3,11,89,000	2,81,43,000	2,632,467	2,079,300	1,876,200	21,402	68,800	30,200	2,653,869	2,148,100	1,906,400
31	1,22,86,921	1,43,38,000	1,95,76,000	819,128	955,800	1,305,000	3,974	3,200	10,200	823,102	959,000	1,315,200
32	97,40,345	1,13,68,000	1,40,64,000	649,357	757,900	937,600	30,874	42,700	36,800	680,231	800,600	974,400
33	34,41,64,961	37,37,88,000	41,15,61,000	22,944,331	24,918,900	27,437,400	743,887	926,100	857,600	23,688,218	25,845,000	28,295,000
34	28,98,525	28,87,000	29,23,000	192,902	192,500	194,900	—7,678	17,000	11,100	185,224	209,500	206,000
35	52,525	76,000	48,000	3,501	5,000	3,200	137,408	600,000	1,100,000	140,909	605,000	1,103,200
36	2,37,87,493	2,47,74,000	2,54,53,000	1,585,833	1,651,600	1,696,900	1,939,367	2,063,000	2,802,000	3,525,200	3,714,600	3,998,900
37	1,51,23,539	1,57,42,000	1,47,16,000	1,008,236	1,049,500	981,000	101,500	166,000	134,500	1,109,736	1,215,500	1,115,500
38	1,13,45,752	1,03,76,000	3,20,42,000	756,383	691,700	2,136,100	575,324	61,900	55,000	1,331,707	753,600	2,191,100
39	5,32,02,834	5,38,55,000	7,51,82,000	3,546,855	3,590,300	5,012,100	2,745,921	2,907,900	3,602,600	6,292,776	6,498,200	8,614,700
40	46,16,514	1,32,86,000	2,92,000	307,767	885,800	19,500	...	...	...	307,767	885,800	19,500
41	—286	...	...	—19	...	...	...	...	...	—19	...	...
42	46,84,645	53,90,000	51,18,000	312,309	359,300	341,200	940	3,000	18,800	313,249	362,300	360,000
43	56,85,032	...	93,08,000	379,003	...	620,500	...	...	...	379,003	...	620,500
44	1,49,85,905	1,86,76,000	1,47,18,000	999,060	1,245,100	981,200	940	3,000	18,800	1,000,000	1,248,100	1,000,000
45	69,98,68,440	77,02,00,000	85,33,47,000	46,624,563	51,346,600	56,889,800	8,551,407	8,423,200	9,234,200	55,175,970	59,769,800	66,124,000

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	India, General.			N.-W. Frontier Province.			Madras.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1 20.	1920-1921.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	18,51,10,695	20,00,07,000	22,22,11,000	1,15,42,615	1,36,37,000	1,41,25,000	7,84,41,645	9,20,75,000	1
Railway Revenue Account.									
State Railways:									
Interest on Debt	6,96,37,191	7,47,01,000	8,19,00,000	...	...	...	...	...	2
Annuities in purchase of Railways	...	...	...	...	...	...	...	...	3
Sinking Funds	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances	2,88,544	3,06,000	3,20,000	...	...	...	...	...	5
Interest on Capital deposited by Companies	7,51,163	8,11,000	8,53,000	...	...	...	...	...	6
Subsidized Companies: Land, etc.	3,01,684	6,50,000	5,00,000	...	...	...	...	...	7
Miscellaneous Railway Expenditure	44,24,379	13,00,000	12,00,000	...	...	...	...	...	8
Total	7,54,02,961	7,77,68,000	8,47,73,000	...	...	...	...	...	9
Irrigation:									
Major Works:									
Working Expenses	...	...	34,000	8,31,219	9,11,000	7,30,000	20,64,667	19,18,000	10
Interest on Debt	*—18,68,949*	*—18,75,000*	*—18,85,000*	9,25,512	9,32,000	9,44,000	31,20,791	31,51,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...	...	12
Minor Works and Navigation	2,17,780	1,54,000	3,05,000	3,97,459	6,55,000	50,000	44,20,276	42,13,000	13
Total	*—16,51,169*	*—17,21,000*	*—15,46,000*	21,54,190	24,98,000	17,24,000	96,05,734	92,82,000	14
Other Public Works:									
Construction of Railways charged to Provincial Revenues	...	...	...	...	...	...	...	...	15
Civil Works	37,92,096	37,81,000	71,36,000	18,08,063	15,66,000	37,07,000	1,06,75,658	1,17,03,000	16
Total	37,92,096	37,81,000	71,36,000	18,08,063	15,66,000	37,07,000	1,06,75,658	1,17,03,000	17
Military Services:									
Army:									
Effective	55,24,22,813	68,68,89,000	39,42,68,000	...	...	...	...	...	18
Non-effective	1,59,18,060	1,85,36,000	2,91,05,000	...	...	...	...	...	19
Marine	81,72,523	62,55,000	74,28,000	...	...	...	...	...	20
Military Works	4,26,87,723	4,75,07,000	4,32,75,000	...	...	...	...	...	21
Total	61,92,01,119	75,91,87,000	47,40,76,000	...	...	...	...	...	22
Total Expenditure	88,18,55,702	1,03,90,22,000	78,66,50,000	1,55,04,868	1,77,01,000	1,95,56,000	9,87,23,037	11,30,60,000	23
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	...	...	...	...	...	9,20,121	...	24
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...	...	...	*15,18,000*	25
Total Expenditure charged to Revenue	88,18,55,702	1,03,90,22,000	78,66,50,000	1,55,04,868	1,77,01,000	1,95,56,000	9,96,43,158	11,15,42,000	26
Railway, Irrigation and other Capital not charged to Revenue:									
Capital Outlay on Railways and Irrigation Works:									
State Railways	6,33,80,361	8,78,46,000	13,75,66,000	...	...	...	...	...	27
Irrigation Works	...	—1,08,000	19,42,000	8,695	2,10,000	2,55,000	5,69,356	4,80,000	28
Initial Expenditure on New Capital at Delhi	42,66,828	47,49,000	89,71,000	...	...	...	...	...	29
Total	6,76,47,189	9,24,87,000	14,84,79,000	8,695	2,10,000	2,55,000	5,69,356	4,80,000	30

in each of the Provinces of *British India*, and in *England*, for 1920-1921, &
Results of 1918-1919 and 1919-1920—*continued*.

		Bombay.			Bengal.			Carried forward.		
	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	10,15,08,000	10,25,84,186	11,65,42,000	12,61,63,000	7,02,52,948	7,76,84,000	8,32,41,000	44,79,32,089	49,99,45,000	54,72,48,000
2	...	...	...	...	...	...	...	6,96,37,191	7,47,01,000	8,19,00,0
3	...	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	...	2,88,544	,06,000	3,20,000
6	...	...	...	...	...	...	...	7,51,163	,11,000	8,53,000
7	...	...	...	...	...	...	...	3,01,684	6,50,000	5,00,000
8	...	...	...	...	...	...	...	44,24,379	13,00,000	12,00,000
9	...	...	...	...	...	...	...	7,54,02,961	7,77,63,000	8,47,73,000
10	17,89,000	19,07,180	20,82,000	18,64,000	2,31,084	2,25,000	2,25,000	50,34,150	50,86,000	45,92,000
11	31,81,000	28,08,285	29,11,000	30,40,000	3,78,273	3,78,000	3,78,000	53,63,912	54,97,000	56,58,000
12	...	...	...	...	...	...	...	...	...	...
13	41,88,000	31,12,498	39,07,000	50,37,000	25,92,068	30,52,000	40,87,000	1,07,40,081	1,19,81,000	1,36,17,000
14	90,58,000	78,27,963	88,50,000	99,41,000	32,01,425	36,55,000	46,90,000	2,11,38,143	2,25,64,000	2,38,67,000
15	...	...	...	...	...	...	...	...	...	...
16	1,48,82,000	1,28,22,948	1,69,86,000	2,04,06,000	1,15,74,522	1,30,70,000	1,58,81,000	4,06,73,287	4,71,06,000	6,20,12,000
17	1,48,82,000	1,28,22,948	1,69,86,000	2,04,06,000	1,15,74,522	1,30,70,000	1,58,81,000	4,06,73,287	4,71,06,000	6,20,12,000
18	...	...	...	...	...	...	...	55,24,22,813	68,68,89,000	89,42,68,000
19	...	...	...	...	...	...	...	1,59,18,060	1,85,36,000	2,91,05,000
20	...	...	...	...	...	...	...	81,72,523	62,55,000	74,28,000
21	...	...	...	...	...	...	...	4,26,87,723	4,75,07,000	4,32,75,000
22	...	...	...	...	...	...	...	61,92,01,119	75,91,87,000	47,40,76,000
23	12,54,48,000	12,32,35,097	14,23,78,000	15,65,10,000	8,50,28,895	9,44,09,000	10,38,12,000	1,20,43,47,599	1,40,65,70,000	1,19,19,76,000
24	...	48,73,,587	42,38,000	...	4,35,872	35,07,000	...	62,29,580	77,45,000	...
25	*1,50,32,000*	...	...	*93,74,000*	...	...	*63,65,000*	...	*15,18,000*	*3,07,71,000*
26	11,04,16,000	12,81,08,684	14,66,16,000	14,71,36,000	8,54,64,767	9,79,16,000	9,74,47,000	1,21,05,77,179	1,41,27,97,000	1,16,12,05,000
27	...	...	...	...	...	...	...	6,33,80,361	8,78,46,000	13,75,66,000
28	8,00,000	—2,46,384	2,50,000	4,54,000	...	...	...	3,31,667	8,32,000	34,51,000
29	...	...	...	...	...	...	...	42,66,828	47,49,000	89,71,000
30	8,00,000	—2,46,384	2,50,000	4,54,000	...	...	...	6,79,78,856	9,34,27,000	14,99,88,000

No. 2.—Amount showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDH.			PUNJAB.			
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919	1919-1920.	1920-1921.	
	Rs.	Rs.	Rs.	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	44,79,32,089	49,99,45,000	54,72,48,000	8,61,28,972	8,86,11,000	10,20,23,000	3,96,18,802	4,51,97,000	5,49,24,000	1
Railway Revenue Account.										
State Railways :										
Interest on Debt . . .	6,96,37,191	7,47,01,000	8,19,00,000	...	...	...	...	...	...	2
Annuities in purchase of Railways . . .	...	...	...	...	...	...	...	...	...	3
Sinking Funds. . . .	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on Advances .	2,88,544	3,06,000	3,20,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies . . .	7,51,163	8,11,000	8,53,000	...	...	...	...	...	...	6
Subsidized Companies :										
Land, etc.	3,01,684	6,50,000	5,00,000	5,000	5,000	12,000	...	...	...	7
Miscellaneous Railway Expenditure	44,24,379	13,00,000	12,00,000	244	...	...	....	...	...	8
Total .	7,54,02,961	7,77,68,000	8,47,73,000	5,244	5,000	12,000	...	...	...	9
Irrigation :										
Major Works :										
Working Expenses . .	50,34,150	50,86,000	45,92,000	34,46,871	37,14,000	38,10,000	1,03,03,276	1,13,29,000	1,06,86,000	10
Interest on Debt . .	53,63,912	54,97,000	56,58,000	41,61,116	41,97,000	42,49,000	75,68,775	76,03,000	76,47,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance . .	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation	1,07,40,081	1,19,81,000	1,36,17,000	5,31,939	7,03,000	10,34,000	13,49,131	15,72,000	13,35,000	13
Total .	2,11,38,143	2,25,64,000	2,38,67,000	81,39,926	86,14,000	90,93,000	1,92,21,182	2,05,04,000	1,96,68,000	14
Other Public Works :										
Construction of Railways charged to Provincial Revenues. . . .	...	...	...	,01,592	48,000	...	...	...	...	15
Civil Works . . .	4,06,73,287	4,71,06,000	6,20,12,000	72,52,175	94,37,000	1,23,72,000	88,06,850	1,34,57,000	1,41,60,000	16
Total .	4,06,73,287	4,71,06,000	6,20,12,000	73,53,767	94,85,000	1,23,72,000	88,06,850	1,34,57,000	1,41,60,000	17
Military Services :										
Army :										
Effective	55,24,22,813	68,68,89,000	39,42,68,000	...	...	...	...	...	...	18
Non-effective . . .	1,59,18,060	1,85,36,000	2,91,05,000	...	...	...	...	...	...	19
Marine.	81,72,523	62,55,000	74,28,000	...	...	...	...	...	...	20
Military Works . . .	4,26,87,723	4,75,07,000	4,32,75,000	...	...	...	...	...	...	21
Total .	61,92,01,119	75,91,87,000	47,40,76,000	...	...	...	...	...	...	22
Total Expenditure .	1,20,43,47,599	1,40,65,70,000	1,19,19,76,000	10,16,27,909	10,67,15,000	12,35,00,000	6,76,46,834	7,91,58,000	8,87,52,000	23
Add—Portion of Allotments to Provincial Governments not spent by them in the year .	62,29,580	77,45,000	...	7,32,237	...	...	36,43,564	25,80,000	...	24
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances . .	...	*15,18,000*	*3,07,71,000*	...	*40,67,000*	*1,35,55,000*	...	...	*70,19,000*	25
Total Expenditure charged to Revenue . . .	1,21,05,77,179	1,41,27,97,000	1,16,12,05,000	10,23,60,146	10,26,48,000	10,99,45,000	7,12,90,398	8,17,38,000	8,17,33,000	26
Railway, Irrigation and other Capital not charged to Revenue :										
Capital Outlay on Railways, Irrigation and other Works :										
State Railways . .	6,33,80,361	8,78,46,000	13,75,66,000	...	...	...	...	...	...	27
Irrigation Works .	3,31,667	3,32,000	34,51,000	5,82,487	6,63,000	14,16,000	11,48,019	4,65,000	16,90,000	28
Initial Expenditure on New Capital at Delhi . . .	42,66,828	47,49,000	89,71,000	...	...	...	...	...	...	29
Total .	6,79,78,856	9,34,27,000	14,99,88,000	5,82,487	6,63,000	14,16,000	11,48,019	4,65,000	16,90,000	30

in each of the Provinces of *British India*, and in *England*, for 1920-1921,
Results of 1918-1919 and 1919-1920—*continued*.

	BURMA.			BIHAR AND ORISSA.			CARRIED OVER.		
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	5,44,44,486	5,67,18,000	6,43,25,000	2,76,65,210	3,17,95,000	3,35,26,000	65,57,89,559	72,22,66,000	80,20,46,000
2	...	...	...	...	...	...	6,96,37,191	7,47,01,000	8,19,00,000
3	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	2,88,544	3,06,000	3,20,000
6	...	...	...	...	...	...	7,51,163	8,11,000	8,53,000
7	...	...	...	...	...	...	3,06,684	6,55,000	5,12,000
8	...	...	...	...	...	...	44,24,623	13,00,000	12,00,000
9	...	...	...	...	...	...	7,54,08,205	7,77,73,000	8,47,85,000
10	7,14,675	8,30,000	8,70,000	14,34,961	14,53,000	14,95,000	2,09,33,933	2,24,12,000	2,14,58,000
11	9,29,526	9,39,000	9,52,000	21,07,514	21,13,000	21,18,000	2,01,30,843	2,08,49,000	2,06,24,000
12	...	...	...	...	...	...	...	...	...
13	12,84,867	18,00,000	28,03,000	2,92,876	2,74,000	3,95,000	1,41,98,894	1,63,30,000	1,91,84,000
14	29,29,068	35,69,000	46,25,000	38,35,351	38,40,000	40,08,000	5,52,63,670	5,90,91,000	6,12,61,000
15	...	...	...	...	...	...	1,01,592	48,000	...
16	93,87,780	1,09,64,000	2,21,29,000	69,02,572	70,95,000	94,77,000	7,30,22,664	8,80,59,000	12,01,50,000
17	93,87,780	1,09,64,000	2,21,29,000	69,02,572	70,95,000	94,77,000	7,31,24,256	8,81,07,000	12,01,50,000
18	...	...	...	...	...	...	55,24,22,818	63,68,89,000	39,42,68,000
19	...	...	...	...	...	...	1,59,18,060	1,85,36,000	2,91,05,600
20	...	...	...	...	...	...	81,72,523	62,55,000	74,28,000
21	...	...	...	...	...	...	4,26,87,723	4,75,07,000	4,32,75,000
22	...	...	...	...	...	...	61,92,01,119	75,91,87,000	47,40,76,000
23	6,67,61,334	7,12,51,000	9,10,79,000	3,84,03,133	4,27,30,000	4,70,11,000	1,47,87,86,809	1,70,64,24,000	1,54,23,18,000
24	36,86,945	...	...	11,85,930	...	...	1,54,78,256	1,03,25,000	...
25	...	*32,58,000*	*10,39,000*	...	*15,58,000*	*53,57,000*	...	*1,04,01,000*	*5,77,41,000*
26	7,04,48,279	6,79,93,000	9,00,40,000	3,95,89,063	4,11,72,000	4,16,54,000	1,49,42,65,065	1,70,63,48,000	1,48,45,77,000
27	...	...	...	...	...	...	6,33,80,361	8,78,46,000	13,75,66,000
28	3,69,076	1,86,000	4,99,000	—4,415	...	...	24,26,834	21,46,000	70,56,000
29	...	...	...	...	...	...	42,66,828	47,49,000	89,71,000
30	3,69,076	1,86,000	4,99,000	—4,415	...	...	7,00,74,023	9,47,41,000	15,35,93,000

No. 8.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	65,57,89,559	72,22,66,000	80,20,46,000	2,96,28,360	3,39,32,000	3,64,42,000	1,39,50,521	1,40,02,000	1,48,59,000	1
Railway Revenue Account:										
State Railways: Interest on Debt	6,96,37,191	7,47,01,000	8,19,00,000	...	...	...	...	...	...	2
Annuities in purchase of Railways	...	...	...	...	...	...	...	...	...	3
Sinking Funds	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances .	2,88,544	3,06,000	3,20,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies . . .	7,51,163	8,11,000	8,53,000	...	...	...	...	...	...	6
Subsidized Companies: Land, etc.	3,06,684	6,55,000	5,12,000	...	...	...	5,112	5,000	5,000	7
Miscellaneous Railway Expenditure	44,24,623	13,00,000	12,00,000	...	...	...	327	1,000	1,000	8
Total .	7,54,08,205	7,77,73,000	8,47,85,000	...	...	...	5,439	6,000	6,000	9
Irrigation:										
Major Works:										
Working Expenses . .	2,09,33,933	2,24,12,000	2,14,53,000	4,12,261	5,00,000	6,00,000	...	...	...	10
Interest on Debt . . .	2,01,30,843	2,03,49,000	2,06,24,000	10,91,263	11,76,000	12,65,000	...	...	...	11
Expenditure on Protective Irrigation works in addition to that charged under Famine Relief and Insurance . .	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation .	1,41,98,894	1,63,30,000	1,91,84,000	5,84,915	7,65,000	8,00,000	31,376	61,000	44,000	13
Total .	5,52,63,670	5,90,91,000	6,12,61,000	20,38,439	24,41,000	26,65,000	31,376	61,000	44,000	14
Other Public Works:										
Construction of Railways charged to Provincial Revenues	1,01,592	48,000	...	...	...	...	—20,950	41,000	60,000	15
Civil Works	7,30,22,664	8,80,59,000	12,01,50,000	78,06,647	94,10,000	1,05,25,000	33,16,262	40,57,000	50,29,000	16
Total .	7,31,24,256	8,81,07,000	12,01,50,000	78,06,647	94,10,000	1,05,25,000	32,95,312	40,98,000	50,89,000	17
Military Services:										
Army:										
Effective	55,24,22,813	68,68,89,000	39,42,68,000	...	...	...	...	...	...	18
Non-effective . . .	1,59,18,060	1,85,36,000	2,91,05,000	...	...	...	...	...	...	19
Marine	81,72,523	62,55,000	74,28,000	...	...	...	...	...	...	20
Military Works . . .	4,26,87,723	4,75,07,000	4,32,75,000	...	...	...	...	...	...	21
Total .	61,92,01,119	75,91,87,000	47,40,76,000	...	...	...	...	...	...	22
Total Expenditure .	1,47,87,86,809	1,70,64,24,000	1,54,23,18,000	3,94,73,446	4,57,83,000	4,96,32,000	1,72,82,648	1,81,67,000	1,99,98,000	23
Add—Portion of Allotments to Provincial Governments not spent by them in the year .	1,54,78,256	1,03,25,000	...	...	...	...	16,81,066	10,35,000	...	24
Deduct—Portion of Provincial Expenditure defrayed from Provincial balances . .	...	*1,04,01,000*	*5,77,41,000*	*9,73,354*	*1,74,000*	*27,74,000*	...	...	*11,50,000*	25
Total Expenditure charged to Revenue	1,49,42,65,065	1,70,63,48,000	1,48,45,77,000	3,85,01,092	4,56,09,000	4,68,58,000	1,89,63,714	1,92,02,000	1,88,48,000	26
Railway, Irrigation and Other Capital not charged to Revenue:										
Capital Outlay on Railways, Irrigation and other Works:										
State Railways . .	6,33,80,361	8,78,46,000	13,75,66,000	...	...	...	...	...	...	27
Irrigation Works . .	24,26,834	21,46,000	70,56,000	11,05,790	10,93,000	12,12,000	...	...	...	28
Initial Expenditure on New Capital at Delhi . . .	42,66,828	47,49,000	89,71,000	...	...	...	...	...	...	29
Total .	7,00,74,023	9,47,41,000	15,35,93,000	11,05,790	10,93,000	12,12,000	...	...	...	30

DELHI,

March 22nd, 1920.

in each of the Provinces of British India, and in England, for 1920-1921, Results of 1918-1919 and 1919-1920— *concluded.*

	Total India.						England.			Grand Total.		
	Rupees.			Rupees converted into £ at R15=£1								
	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	69,93,68,440	77,02,00,000	85,33,47,000	46,624,563	51,346,600	56,889,800	8,551,407	8,423,200	9,234,200	55,175,970	59,769,800	66,124,000
2	6,96,37,191	7,47,01,000	8,19,00,000	4,642,479	4,980,100	5,460,000	3,558,238	3,592,600	3,675,700	8,200,717	8,572,700	9,135,700
3	...	...	...	...	...	...	3,357,595	3,357,600	3,357,600	3,357,595	3,357,600	3,357,600
4	...	...	...	...	...	...	242,886	255,500	270,400	242,886	255,500	270,400
5	2,88,544	3,06,000	3,20,000	19,236	20,400	21,300	81,250	81,200	81,200	100,486	101,600	102,500
6	7,51,163	8,11,000	8,53,000	50,078	54,100	56,900	2,136,597	2,118,000	2,153,500	2,176,675	2,172,100	2,210,400
7	3,11,796	6,60,000	5,17,000	20,786	44,000	34,400	...	...	...	20,786	44,000	34,400
8	44,24,950	13,01,000	12,01,000	294,997	86,700	80,100	...	...	93,000	294,997	86,700	173,100
9	7,54,13,644	7,77,79,000	8,47,91,000	5,027,576	5,185,300	5,652,700	9,366,566	9,404,900	9,631,400	14,394,142	14,590,200	15,284,100
10	2,13,46,194	2,29,12,000	2,20,53,000	1,423,080	1,527,500	1,470,200	...	...	...	1,423,080	1,527,500	1,470,200
11	2,12,22,106	2,15,25,000	2,18,89,000	1,414,808	1,435,000	1,459,300	124,596	125,000	125,700	1,539,404	1,560,000	1,585,000
12	...	...	...	...	...	...	...	...	...	...	...	...
13	1,47,65,185	1,71,56,000	2,00,28,000	984,345	1,143,700	1,335,200	...	...	...	984,345	1,143,700	1,335,200
14	5,73,33,485	6,15,93,000	6,39,70,000	3,822,233	4,106,200	4,264,700	124,596	125,000	125,700	3,946,829	4,231,200	4,390,400
15	80,642	89,000	60,000	5,376	6,000	4,000	...	...	...	5,376	6,000	4,000
16	8,41,45,573	10,15,26,000	13,57,04,000	5,609,705	6,768,400	9,046,900	36,790	134,600	53,200	5,646,495	6,903,000	9,100,100
17	8,42,26,215	10,16,15,000	13,57,64,000	5,615,081	6,774,400	9,050,900	36,790	134,600	53,200	5,651,871	6,909,000	9,104,100
18	55,24,22,813	63,68,89,000	39,42,68,000	36,828,187	45,792,600	26,284,500	2,414,118	4,578,900	6,208,400	39,242,305	50,671,500	32,492,900
19	1,59,16,060	1,85,36,000	2,91,05,000	1,061,204	1,235,700	1,940,400	2,503,784	3,576,100	3,097,100	3,564,988	4,811,800	5,037,500
20	81,72,523	62,55,000	74,28,000	544,835	417,000	495,200	582,811	855,000	493,900	1,127,646	1,272,000	989,100
21	4,26,87,723	4,75,07,000	4,32,75,000	2,845,848	3,167,100	2,885,000	49,423	169,200	115,000	2,895,271	3,336,300	3,000,000
22	61,92,01,119	75,91,87,000	47,40,76,000	41,280,074	50,612,400	31,605,100	5,550,136	9,479,200	9,914,400	46,830,210	60,091,600	41,519,500
23	1,53,55,42,903	1,77,03,74,000	1,61,19,48,000	102,369,527	118,024,900	107,463,200	23,629,495	27,566,900	28,958,900	125,999,022	145,591,800	136,422,100
24	1,71,59,322	1,13,60,000	...	1,143,955	757,300	...	...	...	...	1,143,955	757,300	...
25	*9,72,354*	*1,05,75,000*	*6,16,65,000*	*64,824*	*705,000*	*4,111,000*	...	...	...	*64,824*	*705,000*	*4,111,000*
26	1,55,17,29,871	1,77,11,59,000	1,55,02,83,000	103,448,658	118,077,200	103,352,200	23,629,495	27,566,900	28,958,900	127,078,153	145,644,100	132,311,100
27	6,33,80,361	8,78,46,000	13,75,66,000	4,225,357	5,856,400	9,171,100	632,142	3,248,700	4,105,600	4,857,499	9,100,100	13,276,700
28	35,32,624	32,39,000	82,68,000	235,509	215,900	551,200	1,213	20,000	24,200	236,722	235,900	575,400
29	42,66,828	47,49,000	89,71,000	284,455	316,600	598,100	1,338	17,200	187,700	285,793	333,800	785,800
30	7,11,79,813	9,58,34,000	15,48,05,000	4,745,321	6,388,900	10,320,400	634,693	3,280,900	4,267,500	5,380,014	9,669,800	14,587,900

Appendix III.

COMMERCIAL AND FINANCIAL STATISTICS.

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COMMERCIAL AND

TABLE I.—MIS

	1911-19	1912-1913.	1913-1914.
Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works and the Delhi Capital not charged against Revenue—			
Surplus	£ 3,940,334	£ 3,107,634	£ 2,312,423
Deficit	...	...	...
Capital Expenditure on Railways and Irrigation Works not charged against Revenue	£ 8,517,915	£ 10,221,224	£ 11,765,462
Initial Expenditure on new Capital at Delhi	£ 4,992	£ 114,894	£ 447,134
India's Financial Contribution to the War	...	...	...
Net Public Debt incurred	£ 1,823,173	£ 2,937,639	£ 118,200
Net Public Debt incurred, including Capital transactions with Railway Companies	£ 854,140	£ 2,373,391	£ 2,868,044
Value of commodities exported, excluding Gold and Silver	R 2,27,99,00,000	2,46,21,80,000	2,49,00,70,000
Ditto imported, ditto ditto	R 1,44,05,50,000	1,66,63,00,000	1,91,30,80,000
Excess of Exports over Imports, excluding Gold and Silver	R 83,93,50,000	79,58,80,000	57,69,90,000
Net Imports of Gold	R 37,76,00,000	34,00,10,000	23,32,40,000
Ditto of Silver	R 5,33,70,000	17,19,90,000	13,03,30,000
TOTAL NET IMPORTS OF GOLD AND SILVER	R 43,09,70,000	51,20,00,000	36,35,70,000
Excess of Exports over Imports including Gold and Silver	R 40,83,80,000	28,38,80,000	21,34,20,000
Secretary of State's Bills sold (Rupees)	R 40,37,70,748(a)	38,49,88,178	§ 46,59,68,715
Sterling Equivalent received	£ 27,058,549(a)	25,759,706	§31,200,827
Silver coined at the Indian Mints	R 2,80,74,320	19,53,69,944	13,15,68,537
Maximum price in pence of an oz. troy, standard Silver in London	27⅞ (February)	29¼ (3rd December).	28 1/16 (22nd September).
Minimum ditto ditto	23 1/16 (July)	26 1/16 (25th March)	25 1/16 (1st December).
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 4·084d.	1s. 4·058d.	1s. 4·070d.
Fixed rate of Exchange for the adjustment of transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	8 (from 26th Jan. to 6th Mar.).	8 (from 9th Jan. to 12th Feb.).	7 (1st to 16th Apl. and 13th Nov. 1913 to 18th Mar. 1914).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (from 3rd Aug. to 31st Aug.).	3 (from 11th July to 11th Sept.).	3 (3rd July to 6th Aug.).
Maximum rate of discount at the Bank of England	4 (from 21st Sept. 1911 to 7th Feb. 1912).	5 (17th October 1912 to 31st March 1913).	5 (1st to 16th April and from 2nd October 1913 to 7th January 1914).
Minimum ditto ditto	3 (from 1st Apl. to 20th Sept. 1911).	3 (9th May to 28th August).	3 (29th January to 31st March 1914).
Maximum Government balances at the three Presidency Banks	R 4,48,68,000 (Nov.)	5,65,10,000 (Mar.)	6,18,88,000 (Oct.)
Minimum ditto ditto	R 3,68,74,000 (Feb.)	4,00,35,000 (Apl.)	4,85,95,000 (May)
Maximum price in Calcutta of 5 per cent. War Loan 1929—47	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of 5 per cent. income-tax free loan 1945—55	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	96—14 (9th Dec.)	97—2 (3rd to 6th May).	96—12 (19th and 21st July).
Minimum ditto ditto	94—12 (3rd & 4th Oct.).	94—12 (3rd & 6th Jan.).	94—14 (13th & 17th Oct.).
Maximum price in Calcutta of 3 per cent Rupee Securities	82—0 (1st to 23rd Apl., 5th May to 24th Sept., 27th Sept. to 9th Oct. and 20th Nov. to 31st Mar.).	83—0 (7th May to 14th Oct.).	83—0 (2nd to 4th Sept. 1913 and from 26th Feb. to 31st March 1914).
Minimum ditto ditto	81—0 (25th & 26th Sept.)	82—0 (1st to 24th Apl. & 24th Oct. 1912 to 31st March 1913).	82—0 (1st Apl. to 26th Aug.).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	R 12,67,27,000 (Apl.)	11,64,68,000 (Apl.)	11,11,03,000 (Apl.)
Minimum ditto ditto	R 11,72,25,000 (Mar.)	11,13,26,000 (Jan.)	10,08,23,000 (Mar.)
Maximum price in London of 3½ per cent (Rupee Securities in Gold)	64⅝ (Dec.)	64¼ (May)	64⅜ (Feby.)
Minimum ditto ditto	63½ (Oct.)	63 5/16 (Mar.)	63½ (Apl.)
Maximum price in London of India 3½ per cent Stock	96¼ (Apl.)	94 11/16 (Apl.)	93½ (Jan.)
Minimum ditto ditto	91 (Sept.)	89 (Mar.)	84 5/16 (Jan.)
Maximum price in London of India 3 per cent Stock	84 3/16 (Apl.)	80¼ (Apl.)	80⅜ (Jan.)
Minimum ditto ditto	78⅜ (Sept.)	75 (Mar.)	71½ (Dec.)
Maximum price in London of India 2½ per cent Stock	70⅛ (Apl.)	67⅛ (Apl.)	66 1/16 (Feby.)
Minimum ditto ditto	65⅛ (Sept.)	62 5/16 (Mar.)	59⅜ (Jan.)
Maximum Government Paper Currency outstanding	R 61,36,25,000 (Mar.	68,97,78,000 (Mar.)	69,89,84,000 (July.
Minimum ditto ditto	R 54,68,58,000 (Apl.)	58,33,57,000 (Apl).	61,79,95,000 (Sept.)
Number of Post Office Savings Banks	9,502	9,460	9,824
Number of accounts in Post Office Savings Banks	1,500,834	1,566,860	1,638,725
Amount deposited in Savings Banks	R 18,89,85,439	20,61,14,503	23,16,75,467
Average of each deposit	125·92	131·55	141·38
Net addition to deposits	R 1,97,97,215	1,71,29,064	2,55,60,964

§ Include remittances of the Gold Standard Reserve.

dix III.

FINANCIAL STATISTICS
CELLANEOUS.

1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919.	1919-1920. Revised.	1920-1921. Budget.
...	...	£ 7,478,170	£ 8,087,074	...	...	£ 2,514,800
£ 1,785,270	£ 1,188,661	...	...	£ 3,820,409	£ 10,074,100	...
£ 11,633,038	£ 5,589,065	£ 2,384,431	£ 3,944,455	£ 5,094,221	£ 9,336,000	£ 13,852,100
£ 360,361	£ 331,274	£ 244,297	£ 250,543	£ 285,793	£ 333,800	£ 735,800
			£ 100,000,000			
...	...	...	...	...	...	...
£ 2,727,294	£ 2,379,834	£ 7,711,508	£ 115,840,006	£ 7,648,705	£ 3,274,800	£ —15,608,400
£ 5,721,108	£ 5,805,528	£ 7,496,346	£ 115,228,340	£ 6,811,748	£ 2,127,300	£ —17,005,800
1,82,17,60,000	1,99,48,00,000	2,47,32,40,000	2,44,89,50,000	2,55,29,20,000	(b)3,00,49,60,000	
1,44,93,10,000	1,38,16,90,000	1,60,24,90,000	1,64,35,50,000	1,88,56,20,000	(b)1,96,23,90,000	
37,24,50,000	61,31,10,000	87,07,50,000	80,54,00,000	66,73,00,000	(b)1,04,25,70,000	
7,64,70,000	†—*1,10,90,000*	13,23,50,000	25,17,80,000	†—5,56,40,000		
8,87,20,000	4,83,00,000	18,80,00,000	19,04,20,000	67,91,90,000		
16,51,90,000	3,72,10,000	32,03,50,000	44,22,00,000	62,35,50,000		
20,72,60,000	57,59,00,000	55,04,00,000	36,32,00,000	4,37,50,000		
§ 11,61,88,392	§30,36,57,471(a)	§49,04,34,364 (a)	§50,63,87,176(a)	(a)23,65,41,000	34,54,98,000	11,82,35,000
§7,748,112	§20,354,517(a)	§32,998,095 (a)	§34,880,632(a)	(a)20,946,314	31,226,200	8,375,000
2,17,95,335	1,62,02,199	30,77,07,326	23,87,07,287	52,05,35,309	37,77,13,128	
27¼ (30th Apl.).	28$\frac{15}{16}$ (31st March 1916.)	38$\frac{7}{16}$ (13th Feby. 1917).	55 (21st to 24th Septr. 1917).	50 (28th March 1919).	39½ (11th Feb. 1920).	
22$\frac{1}{2}$ (13th and 14th Novr.).	22$\frac{1}{8}$ (5th Aug. 1915.)	28$\frac{1}{8}$ (10th July 1916).	36$\frac{9}{16}$ (13th to 17th April 1917).	45¼ (8th to 10th Apl. 1918.)	48$\frac{9}{16}$ (4th April and 6th May 1919).	
1s. 4·004d.	1s. 4·087d.	1s. 4·148d.	1s. 4·536d.	1s. 5·544d.	1s. 9·691 d.	
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d. and 1s. 5d.	1s. 5d. and 1s. 6d.	1s. 6d., 1s. 8d., 2s., 2s. 4d., and 2s. 9d.	
6(1st to 30th Apl. and 5th Nov. to 31st Dec. 1914 and 1st Jan. to 31st March 1915).	8 (20th Jan. 1916 to 31st March 1916.)	8 (1st to 13th April 1916 and 9th Nov. 1916 to 21st Feb. 1917.)	6 (1st April to 6th Septr. 1917 and 3rd Jany. to 31st March 1918.)	7 (16th Jan. to 26th Mar. 1919).	7 (12th to 28th Feb. 1920).	
3(9th July to 5th Aug.).	5 (2nd June to 22nd Sept.).	5 (22nd June to 13th Sept.)	5 (7th Septr. 1917 to 2nd Jany. 1918.)	5 (23rd May to 6th Novr. 1918).	5 (5th June 1919 to 14th Jan. 1920).	
10 (from 1st to 5th Aug. 1914).	5 (1st Apl. 1915 to 31st Mar. 1916.)	6 (13th July 1916 to 17th Jany. 1917.)	5½ (2nd to 4th April 1917.)	5 (1st Apl. 1918 to 31st Mar. 1919).	6 (6th Novr. 1919 to 28th Feb. 1920.)	
3 (from 1st Apl. to 29th July).		5 (1st April to 12th July 1916.)	5 (5th April 1917 to 31st March 1918.)		5 (1st April 1919 to 5th Nov. 1919).	
10,12,86,000(Aug.)	8,87,07,000 (Aug.)	10,11,86,000(Mar.)	22,65,24,000(June)	18,60,47,000(Sept.)	17,20,18,000 (Jan.)	
4,84,03,000(Nov.)	4,42,76,000 (Nov.)	4,84,33,000 (May)	7,37,68,000 (Nov.)	6,54,89,000 (Apl.)	7,76,32,000(July)	
...	...	...	...	93	95	
...	...	...	...	90	90	
...	...	...	...	...	} 95½ to 96	
...	...	...	...	...		
96-1 (from 14th to 15th and 17th to 25th July 1914).	93-2 (5th to 11th June 1915.) (d)	82 (7th and 11th to 14th April 1916.)	70 (6th to 14th Sep. and 31st Oct. 1917 to 7th Feb. 1918.)	81 (7th to 21st Nov. 1918.)	71 (1st April to 17th May).	
91-8 (13th to 31st March).	79½ (23rd Dec. 1915 to 6th Jan. 1916.)	69 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	67 (20th June to 24th Aug. 1917.)	65 (3rd May to 24th June 1918).	60 (27th to 28th Feb.)	
83 (1st April to 4th Aug. 1914).	80 (1st Apl. to 28th June 1915.)	70 (5th to 20th April 1916.)	60 (6th to 14th Sep. and 31st Oct. to 16th March 1918.)	69 (5th to 22nd Nov. 1918).	62 (1st April to 17th May).	
77 (31st Aug. to 3rd Sept. 1914).	67½ (23rd Dec. 1915 to 6th Jan. 1916.)	59 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	57 (20th June to 24th Augt. 1917.)	58 (11th Apl. to 24th June 1918.)	50 (27th to 28th Feb.)	
9,95,58,000(Apl.)	9,66,98,000 (Apl.)	8,76,76,000 (Apl.)	8,06,95,000(Apl.)	8,17,24,000 (Mar.)	8,16,74,000 (Apl.)	
9,73,00,000(Mar.)	8,31,17,000 (Dec.)	8,30,42,000 (Mar.)	7,47,56,000(March)	7,34,70,000(July)	7,43,58,000 (Dec.)	
63½ (May)	} No quotation.	} No quotation.	52	54	74	
63 (July)			44½	44	49½	
90½ (Apl.)	82½ (May).	80½	69½	74	69½	
80½ (Mar.)	80½ (Apl.)	62½	61½	62	58½	
77½ (Apl.)	70½ (Apl.)	69½	60½	64	60½	
69½ (Mar.)	69½ (Apl.)	55½	53	53½	50½	
64 (Apl.)	59½ (Apl.)	57$\frac{1}{8}$	50	53½	50½	
58 (Jan.)	57 (May.)	47	45½	44½	42	
75,44,53,000(July)	68,06,10,000(July)	86,37,52,000(Mar.)	1,14,76,87,000.(Oct.)	1,53,46,48,000 (Mar.)	1,85,14,79,000 (Jan.)	
59,54,67,000(Feb.)	60,24,42,000 (Apl.)	65,46,90,000 (Apl.)	82,72,35,000 (Apl.)	1,05,96,05,000 (Apl.)	1,53,72,07,000 (April).	
10,161	10,336	10,421	10,975	10,587		
1,644,074	1,660,424	1,647,419	1,637,600	1,677,407		
14,89,26,823	15,32,12,517	16,59,53,401	16,58,46,470	18,82,44,749		
90·58	92·27	100·73	101·27	112·22		
—8,27,49,144	42,86,194	1,27,40,884	—1,06,931	2,23,98,279		

(a) Include remittances of the Currency Department. (b) Figures for 11 months (April to February). † Represents net exports of gold.

Appendix III—*continued.*

Commercial and Financial Statistics.

Table III.—Capital Expenditure on State Railways in 1918-1919, and Estimated Expenditure on such works in 1919-1920 and 1920-1921, and to end of 1920-1921.

Railways.	To end of 1917-1918.	Accounts, 1918-1919.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.	To end of 1920-1921.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
Open Lines.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Agra-Delhi Chord	1,48,68,032	27,748	78,000	4,50,000	1,54,23,780	...	...	
Aden Railway	6,67,368	—2,78,667	1,75,000	...	5,63,701	...	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	..	...	
Assam-Bengal (Construction)	11,78,51,898	19,89,757	55,21,000	1,13,89,000	13,67,51,655	...	...	
Ditto (Land)	56,18,680	3,610	15,000	20,000	56,57,290	...	...	
Baran-Kotah	49,16,727	33,960	8,000	...	49,58,687	...	...	
Bengal-Nagpur Railway	26,41,98,411	1,78,94,893	3,01,83,000	5,20,47,000	36,43,25,304	...	...	
Bezwada Extension	12,49,142	766	5,000	35,000	12,89,908	...	...	
Bhopal	40,95,196	35,707	40,000	80,000	42,50,903	...	...	
Bombay, Baroda and Central India	50,41,02,976	63,99,567	1,31,44,000	2,15,19,000	54,51,65,543	...	...	
Burma	9,74,12,324	...	...	...	9,74,12,324	...	...	
Burma Railway Extensions	2,19,26,375	—79,237	1,61,000	4,34,000	2,24,42,138	...	...	
Cawnpur-Banda	79,89,026	51,641	90,000	1,20,000	82,50,667	...	...	
Coonoor-Ootacamund	43,08,285	*—2,205*	3,65,000	4,74,000	51,45,080	...	...	
Dharmapuri Hosur Extension	21,30,795	*—286*	...	...	21,30,509	...	...	
Dhone-Kurnool	10,18,342	...	...	5,000	10,23,342	...	...	
East Indian	56,53,42,604	53,49,440	4,60,50,000	3,01,87,000	64,69,29,044	...	..	
Eastern Bengal	35,57,40,298	17,18,728	1,80,51,000	2,39,17,000	39,94,27,026	...	...	
Frontier Railway Reserve Material	5,62,193	*—9,268*	25,50,000	...	31,02,925	...	...	
Carried over	1,97,40,58,572	3,31,36,154	11,64,36,000	14,06,77,000	2,26,43,07,726	...	...	

Appendix III. Table II—*continued.*

Railways.	To end of 1917-1918.	Accounts, 1918-1919.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.	To end of 1920-1921.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	1,97,40,58,572	3,31,36,154	11,64,36,000	14,06,77,000	2,26,43,07,726	...	...	
Open Lines.								
Great Indian Peninsula Railway System .	44,53,68,928	85,25,506	1,79,54,000	3,27,62,000	50,46,10,434	...	...	
Jodhpur-Hyderabad (British Section)	45,17,709	29,097	32,000	7,32,000	53,10,806	...	...	
Jorhat	11,12,263	*—20,950*	41,000	60,000	11,92,313	...	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	...	...	
Madras and Southern Mahratta Railway (Madras Section)	15,14,85,845	...	...	...	15,14,85,845	...	...	
North-Western	82,77,69,288	2,44,18,978	3,56,73,000	5,39,34,000	94,17,95,266	...	...	
Nushki Dalbandin Extension . .	89,78,847	15,60,247	15,00,000	4,00,000	1,24,39,094	...	...	
Oudh and Rohilkhand	27,76,82,179	12,98,999	68,06,000	89,61,000	29,47,48,178	...	...	
Petroleum Operations, Baluchistan . .	1,19,187	...	...	...	1,19,187	...	...	
Rohilkund and Kumaon Railway (Ganges bridge)	76,416	...	...	...	76,416	...	...	
South Indian	16,67,40,953	*—4,39,637*	56,72,000	1,44,67,000	18,64,40,316	...	...	
Southern Shan States (Thazi Aungban) .	1,53,62,781	14,898	*—1,12,000*	3,01,000	1,55,66,679	...	...	
Tinnevelly Quilon (British Section) .	43,68,451	*—915*	80,000	6,98,000	51,45,536	...	...	
Ditto (Indian State Section) .	1,18,56,013	3,113	93,000	6,93,000	1,26,45,126	...	...	
Tinnevelly Tiruchendur . . .	...	...	...	...	...	...	...	
Tirhoot Railway and Extensions . .	8,01,19,133	*—2,83,665*	15,28,000	16,55,000	8,30,18,468	...	...	
Warora Colliery	10,41,415	...	...	...	10,41,415	...	...	
Total Open Lines .	3,97,57,79,119	6,82,41,825	18,57,03,000	25,53,40,000	4,48,50,63,944	...	...	

Appendix III, Table II—*continued.*

Railways.	To end of 1917-1918.	Accounts, 1918-1919.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.	To end of 1920-1921.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Open Lines brought forward .	3,97,57,79,119	6,82,41,825	18,57,03,000	25,53,40,000	4,48,50,63,944	...	...	
Lines under construction.								
Amda Jamda	...	...	2,70,000	25,00,000	27,70,000	72,38,130	44,68,130	
Aungban Heho	70,944	2,38,654	4,00,000	4,92,000	11,96,598	6,21,283*	...	* Includes Rs. 4,55,000 sanctioned provisionally for employment of Turkish prisoners of war and Rs. 1,66,283 on account of cost of rolling stock for the Southern Shan States Railway.
Bombay Harbour Branch Extension . .	37,11,378	*—59,139*	—69,000	...	35,83,239	71,59,783	35,76,544	
Vizagapatam Harbour	...	...	...	10,00,000	10,00,000	...	...	
Itarsi-Nagpur and branch to Pench Valley Coalfields	2,73,86,320	*—4,32,676*	3,32,000	10,00,000	2,82,85,644	3,37,05,415	54,19,771	
Kasta Branch	...	...	2,00,000	12,13,000	14,13,000	17,13,285	3,00,283	
Onlajuri Sulapat Extension and Badampahar Branch	...	...	3,80,000	5,00,000	8,80,000	18,64,640	9,84,640	
Parvatipore Singapore Road . . .	2,49,583	18,682	15,000	15,000	2,98,265	40,31,059	37,32,794	
Dalbandin Mirjawa	1,16,13,862	43,85,896	42,00,000	18,00,000	2,19,99,758	1,76,00,000†	...	† Provisionally sanctioned by the Secretary of State.
Pinmana Magwe	...	80,241	1,10,000	...	1,90,241	1,30,28,118‡	...	‡According to estimates revised in 1918. Construction of first 17 miles only (cost Rs. 9,21,662) is being recommended to the Secretary of State for his sanction.
Tank Murtaza	4,59,732	6,96,528	6,42,000	3,55,000	21,53,260	23,63,250§	...	
Dholka-Dhanduka	...	...	...	14,50,000	14,50,000	...	...	
United Provinces of Agra and Oudh—Resin distillery	...	1,01,592	48,000	...	1,49,592	...	...	§ According to a Revised estimate which is now under consideration. Secretary of State's sanction will be applied for shortly.
Reserve	...	...	...	78,00,000	78,00,000	...	...	
Total Lines under construction .	4,34,91,819	50,24,778	65,28,000	1,81,25,000	7,31,69,597	...	...	
Total Open Lines, carried over	3,97,57,79,119	6,82,41,825	18,57,03,000	25,53,40,000	4,48,50,63,944	...	...	

Appendix III, Table II—*continued.*

Railways.	To end of 1917-1918.	Accounts, 1918-1919.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.	To end of 1920-1921.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Open Lines, brought forward .	3,97,57,79,119	6,82,41,825	18,57,03,000	25,53,40,000	4,48,50,63,944			
Total Lines under Construction, brought forward	4,34,91,819	50,24,778	65,28,000	1,81,25,000	7,31,69,597			
Lines in abeyance or Transferred to Companies, etc.								
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416			
Bilaspur-Etawah	75,132	...	...	...	75,132			
Nagpur-Chhattisgarh (Depreciation Account).	6,57,038	...	...	...	6,57,038			
Ranaghat-Bhagwangola . . .	3,02,450	...	...	...	3,02,450			
Scuthern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071			
Umaria Colliery	1,82,672	...	...	...	1,82,672			
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035			
Total Lines in abeyance, etc. .	1,85,67,814	...	...	...	1,85,67,814			
Stores	4,61,807	—3,23,754	...	...	1,38,053			
Reserve	...	...	27,32,000	97,10,000	1,24,72,000			
Deduct—Gain by exchange . . .	...	...	—5,83,72,000	—8,39,94,000	—14,23,66,000			
GRAND TOTAL .	4,03,83,00,559	7,29,42,849	13,65,91,000	19,92,11,000	4,44,70,45,408			

Appendix III, Table II—*continued.*

Railways.	To end of 1917-1918.	Accounts, 1918-1919.	Revised Estimate, 1919-1920.	Budget Estimate, 1920-1921.	To end of 1920-1921.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Grand Total, brought forward	4,03,83,00,559	7,29,42,849	13,65,91,000	19,92,11,000	4,44,70,45,408			
Distributed as under—								
Capital Expenditure on Railways (not charged to Revenue)—								
State Railways —Construction*	2,97,43,20,988	7,28,62,493	13,65,02,000	19,91,51,000	3,38,28,36,481			
Redemption of Liabilities†	90,75,31,543	...		...	90,75,31,543			
Famine Relief and Insurance—								
Protective Railways	7,87,21,323	—286	...	...	7,87,21,037			
Construction of Railways (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712			
Construction of Railways (charged to Provincial Revenues).	75,11,508	80,642	89,000	60,000	77,41,150			
Other Expenditure charged against Revenue.	1,56,79,485	...	...	...	1,56,79,485			
Total as above	4,03,83,00,559	7,29,42,849	13,65,91,000	19,92,11,000	4,44,70,45,408			

* Includes debentures raised by Companies—

Bombay, Baroda and Central India Railway	1,43,90,464	...	...	...	1,43,90,464
East Indian Railway	27,07,02,709	...	...	...	27,07,02,709
Great Indian Peninsula Railway	4,87,97,364	...	...	...	4,87,97,364
South Indian Railway	4,96,35,901	...	—11,04,000	...	4,85,31,901
Capital contributed by the Jaipur Durbar towards outlay on the Nagda Muttra Railway.	85,00,000	...	...	...	85,00,000
Bombay, Baroda and Central India Railway Contribution from Provident Fund and advances by the Home Board	20,10,000	...	...	...	20,10,000
Total	39,40,36,438	...	—11,04,000	...	39,29,32,438

†

Bombay, Baroda and Central India Railway	18,72,06,696
East Indian Railway	18,05,98,229
Eastern Bengal Railway	3,10,54,458
Great Indian Peninsula Railway	8,88,35,250
Madras and Southern Mahratta Railway	3,21,72,000
North Western Railway	7,36,74,320
Oudh and Rohilkhand Railway	15,50,40,735
South Indian Railway	7,03,88,355
Inland Midland Railway	8,85,61,500
Total	90,75,31,543

Appendix III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1918-19, and Estimated Expenditure on such works in 1919-20, and 1920-21, and to the end of 1920-21.

	Actual outlay to end of 1917-18.	Accounts, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.	Total actual and estimated outlay to end of 1920-21.	Sanctioned Estimate.	Balance of sanctioned estimate remaining to be spent.
PRODUCTIVE WORKS.	R	R	R	R	R	R	R
North-West Frontier Province.							
Upper Swat River Canal	2,03,37,535	—48,613	2,85,000	2,12,000	2,07,85,922		
Lower ditto	41,49,466	17,807	—21,000	23,000	41,69,273		
Kabul River Canal*	11,84,623	39,501	22,000	20,000	12,66,124		
Madras.							
Godavari Delta System	1,31,51,815	1,69,062	1,12,000	1,71,000	1,36,03,877	1,37,67,759	1,63,882
Kistna Delta System	1,53,79,949	32,090	44,000	61,000	1,55,67,039	1,56,42,569	75,530
Penner River Canals System	57,02,173	10,867	2,000	10,000	57,25,040	57,25,704	664
Periyar Project	1,02,97,378	8,673	5,000	8,000	1,03,19,051	1,03,22,893	3,842
Cauvery Delta System	41,98,012	31,456	39,000	1,19,000	43,87,468	45,72,716	1,85,248
Kurnool Cuddapah Canal	2,29,33,837	1,63,643	...	44,000	2,31,41,480	2,32,86,572	1,45,092
Nagavalli River Project	16,48,998	1,882	2,000	6,000	16,58,880	17,91,634	1,32,754
Divi Island Project	19,20,436	24,822	10,000	1,17,000	20,72,258	21,63,262	91,004
Lower Coleroon Anicut*	18,69,597	1,946	...	...	18,71,543		
Toludur Project	9,59,228	2,25,006	2,10,000	2,75,000	16,69,234	29,60,000	12,90,766
Bombay.							
Desert Canal	26,41,477	13,328	...	...	26,54,805	27,06,149	51,344
Begari Canal	23,61,444	41,776	—4,000	62,000	24,61,220	24,62,970	1,750
Eastern Nara Works	68,05,171	1,58,172	1,21,000	1,49,000	72,33,343	74,89,986	2,56,643
Jamrao Canal	36,48,811	62,741	71,000	37,000	38,19,552	89,06,689	87,137
Dad Canal	25,74,610	—6,882	—4,000	58,000	26,21,728	28,95,932	2,74,204
Mutha Canal	67,53,419	—5,14,416	...	...	62,39,003		
Seharwah Canal	...	...	51,000	62,000	1,13,000		
Bengal.							
Midnapur Canal	33,12,425	2,126	...	...	33,14,551		
Hijili Tidal Canal	25,50,805	...	...	...	25,50,805		
United Provinces.							
Ganges Canal, including Mat and Hathras Branches	3,69,67,617	5,19,861	4,03,000	—3,34,000	3,75,56,478		
Lower Ganges Canal	3,38,28,978	19,045	9,000	25,000	3,38,82,023		
Agra Canal	1,14,35,975	2,311	8,000	27,000	1,14,73,286	1,15,15,848	42,562
Eastern Jumna Canal	49,06,215	17,775	22,000	38,000	49,83,990		
Dun Canal*	13,60,107	24,900	59,000	97,000	15,41,007	15,63,288	22,281
Bijnor Canal*	3,13,190	3,516	63,000	56,000	4,35,706		
Gorai Canal	7,78,448	13,129	49,000	7,000	8,47,576		
Sarda Kichha Feeder Canal	...	...	50,000	15,00,000	15,50,000	1,92,16,227	1,76,66,227
Punjab.							
Western Jumna Canal	1,68,82,312	19,292	1,19,000	70,000	1,70,90,604		
Upper Bari Doab Canal	2,10,94,028	5,64,114	70,000	2,00,000	2,19,28,142		
Lower ditto	2,19,94,985	1,75,827	1,00,000	1,00,000	2,23,70,812		
Sirhind Canal	2,44,19,219	57,406	1,20,000	2,00,000	2,47,96,625		
Upper Chenab Canal	3,47,79,846	—8,154	60,000	2,00,000	3,50,31,692		
Lower ditto	3,17,39,440	—22,594	2,00,000	5,00,000	3,24,16,846		
Upper Jhelum Canal	4,41,55,880	—68,359	—3,10,000	41,000	4,38,18,521		
Lower ditto	1,58,32,669	4,36,211	2,40,000	4,00,000	1,69,08,880		
Indus Inundation Canals	29,00,354	1,005	—4,000	15,000	29,12,359		
Burma.							
Mandalay Canal	55,80,972	5,501	...	...	55,86,473	56,82,516	96,043
Shwebo Canal	58,19,822	91,536	40,000	24,000	59,75,358		
Mon Canal	54,89,629	1,219	45,000	2,81,000	58,16,848		
Ye-u Canal	40,52,669	3,32,455	3,15,000	2,01,000	49,01,124		
Twante Canal	55,69,077	—61,635	—2,04,000	6,000	53,09,442		
Bihar.							
Orissa Canals	2,64,61,804	2,687	4,000	4,000	2,64,72,491		
Sone Canal	2,59,59,011	2,145	4,000	8,000	2,59,73,156		
Central Provinces.							
Wainganga Canal	38,93,713	2,02,646	1,76,000	...	42,72,359	46,75,498	4,03,139
Mahanadi Canal	73,17,500	8,98,664	9,55,000	11,49,000	1,03,19,964	1,12,99,208	9,79,244
Asola Mendha Tank	16,82,170	4,480	12,000	17,000	17,15,650	17,30,346	14,696
Other Projects	1,69,99,785	5,956	1,05,000	1,79,000	1,72,89,741		
Reserve	...	...	...	24,11,000	24,11,000		
Gain by Exchange on English outlay	...	...	—1,08,000	—1,69,000	—2,77,000		
Total Productive Works	56,15,96,424	37,25,926	35,47,000	86,87,000	57,75,56,350		
Carried over	56,15,96,424	37,25,926	35,47,000	86,87,000	57,75,56,350		

* Transferred to "49" from 1st April 1907.

Appendix III, Table III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1918-19, and Estimated Expenditure on such works in 1919-20, and 1920-21, and to the end of 1920-21—*continued.*

	Actual outlay to end of 1917-18.	Accounts, 1918-19.	Revised Estimate, 1919-20.	Budget Estimate, 1920-21.	Total actual and estimated outlay to end of 1920-21.	Sanctioned Estimate.	Balance of sanctioned estimate remaining to be spent.
	R	R	R	R	R	R	R
Brought forward	56,15,96,424	87,25,926	35,47,000	86,87,000	57,75,56,350		
PROTECTIVE WORKS.							
Madras.							
Rushikulya Project	46,82,457	12,098	9,000	7,000	47,10,555	47,16,708	6,153
Mopad Project	18,34,510	1,67,344	1,58,000	1,24,000	22,83,854		
Venkatapuram Tank Project	3,66,847	2,310	...	...	3,69,157		
Bombay.							
Godaveri Canal	95,60,584	42,475	20,000	38,000	96,61,059	96,70,858	9,799
Chankapur Tank	18,55,604	19,600	13,000	38,000	19,26,204	19,55,376	29,172
Nira Canal (including Shetphal Tank)	61,59,258	9,979	29,000	...	61,93,237	65,79,964	3,81,727
Budhihal Tank	4,91,290	173	...	...	4,91,463	13,98,529	9,07,066
Pravara River Project	73,43,965	7,75,838	7,81,000	8,99,000	97,99,803	1,21,02,145	23,02,342
Nira Right Bank Canal	1,24,56,976	18,01,721	24,85,000	20,53,000	1,87,96,697	2,49,71,868	61,75,171
United Provinces.							
Betwa Canal (including Dukwa weir)	79,96,246	5,496	12,000	26,000	80,39,742	80,84,198	44,456
Ken Canal (including Gangao dam)	58,58,525	—2,462	13,000	8,000	58,77,063	59,30,822	53,759
Dassan Canal	47,54,976	3,575	96,000	4,000	48,58,551	49,15,420	56,869
Ghaggar Canal	38,63,520	2,71,317	24,000	21,000	41,79,837		
Majhgawan Tank	3,82,662	10,279	2,000	7,000	4,01,941		
Barwar Lake and Canal	2,67,943	58,409	99,000	1,38,000	5,63,352		
Bhatkhara Tank	56,947	33,625	1,60,000	93,000	2,83,572	6,53,114	3,69,542
Raipura Tank	...	4,359	4,000	86,000	94,359	3,50,414	2,56,055
Bihar.							
Tribeni Canal	74,70,443	1,31,207	1,49,000	1,40,000	78,90,650		
Central Provinces.							
Tandula Canal	74,72,757	7,29,026	8,00,000	5,18,000	95,19,783	95,73,587	53,804
Tank Projects	98,16,808	4,83,511	5,28,000	7,38,000	1,15,66,319		
Other Projects.	47,31,188	60,432	30,000	3,94,000	52,15,620		
Probable Savings	...	...	...	—2,00,000	—2,00,000		
Total, Protective Works	9,74,23,505	46,20,312	53,52,000	51,32,000	11,25,27,818		
Grand Total, Major Works	65,90,19,930	83,46,238	88,99,000	1,38,19,000	69,00,84,168		
Distributed as under —							
(1) Capital expenditure on Irrigation (not charged to Revenue)	54,40,66,587	35,50,823	35,39,000	86,31,000	55,97,87,410		
(2) Protective Irrigation Works	9,76,85,302	46,20,312	53,52,000	51,32,000	11,27,89,614		
(3) Other outlay from ordinary revenues	1,72,68,041	1,75,103	8,000	56,000	1,75,07,144		
GRAND TOTAL AS ABOVE	65,90,19,930	83,46,238	88,99,000	1,38,19,000	69,00,84,168		

Appendix III—*continued.*

Commercial and Financial Statistics.

Table IV.—Gross traffic receipts, working expenses, and net traffic receipts of State Railways for five years ending 1918-1919, with Revised Estimates for 1919-1920 and Budget Estimates for 1920-1921.

(Omitting 000, except in Accounts.)

State Railways.	Accounts.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at beginning of year	26,106	26,369	26,433	26,572	26,464	26,617	26,477
Gross Traffic Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial.							
Assam-Bengal	68,72,053	67,98,442	68,86,463	72,64,284	79,08,099	1,03,00	1,10,00
Aden Tramway	...	14,472	1,53,579	1,43,485	2,00,020	3,75	...
Bengal-Nagpur	4,07,73,773	4,47,61,637	5,09,20,784	5,58,76,074	6,19,41,370	6,68,00	6,80,00
Bezwada Extension	4,39,590	4,58,138	4,89,673	5,13,179	5,22,461	5,33	5,50
Bombay, Baroda and Central India System	6,37,23,843	6,75,24,858	7,52,69,779	8,02,80,536	9,46,92,452	9,60,00	9,80,00
Burma	2,18,00,784	2,00,98,744	2,21,87,251	2,20,65,877	2,63,70,481	2,96,00	3,08,00
Burma Railway Extensions	16,42,874	17,57,133	20,69,109	20,58,705	25,45,496	28,00	30,00
Southern Shan States	87,016	3,39,165	3,38,109	4,39,884	4,80,827	6,00	7,00
Eastern Bengal	3,31,07,555	3,53,38,268	3,70,21,485	3,48,74,771	3,82,07,444	4,50,00	4,70,00
East Indian	10,52,21,592	10,60,08,844	11,02,01,205	11,61,42,477	13,43,96,239	13,10,00	13,60,00
Great Indian Peninsula including Indian Midland	7,77,52,916	9,01,17,305	9,67,50,475	10,55,60,401	11,88,02,697	12,81,00	12,92,00
Agra-Delhi Chord	32,06,644	28,84,018	30,47,574	33,67,179	44,50,953	46,00	47,00
Bhopal	5,38,468	6,58,689	7,87,907	9,94,950	11,16,515	12,00	13,00
Baran-Kotah	1,49,969	2,21,240	2,43,097	1,61,978	1,83,314	2,50	3,00
Cawnpore-Banda	...	4,05,258	3,68,286	3,08,939	3,20,819	4,50	5,00
Jodhpur-Hyderabad (British Section)	10,52,695	11,39,522	13,81,452	19,53,656	19,90,444	16,50	17,00
Lucknow-Bareilly	20,52,756	18,76,076	25,27,980	26,74,674	31,54,296	28,00	30,00
North Western	8,19,57,786	8,39,36,357	9,66,56,409	12,24,77,224	12,46,94,829	12,35,00	12,80,00
Oudh and Rohilkhand	2,07,97,699	2,26,21,042	2,61,76,455	2,82,00,370	3,29,48,935	3,13,00	3,20,00
Hardwar-Dehra	4,66,506	...	...	...	...	...	...
Madras and Southern Mahratta Railway	3,82,75,086	4,20,29,319	4,68,93,840	5,20,76,904	5,42,92,629	5,70,00	5,76,00
Mysore State lines	36,55,498	37,66,070	39,86,015	41,47,617	44,48,501	41,21	42,00
Dhone-Kurnool	1,12,693	1,31,028	1,40,000	1,20,216	1,48,714	1,79	2,00
South Indian	2,71,60,221	2,93,14,815	3,22,67,842	3,53,61,272	3,58,90,979	4,09,00	4,35,00
Tinnevelly-Quilon	8,92,082	9,85,938	10,27,354	11,46,203	15,11,462	18,00	21,00
Tirhoot	97,03,502	92,58,479	97,89,074	92,55,829	1,09,19,483	1,15,00	1,15,00
Reserve	...	...	...	...	...	...	2,50,00
Total Imperial	54,14,43,601	57,24,44,857	62,75,80,697	68,74,66,684	76,21,39,459	79,23,58	83,98,50
Provincial.							
Jorhat	1,27,545	1,53,781	1,65,389	1,36,724	1,21,535	1,42	1,50
Total India	54,15,71,146	57,25,98,638	62,77,46,086	68,76,03,408	76,22,60,994	79,25,00	84,00,00
England.							
Bengal-Nagpur	2,910	3,540	4,590	4,950	5,475	6	6
East Indian	3,450	25,080	9,98,085	9,82,685	3,450	3	3
Eastern Bengal	...	1,605	74,175	69,300	...	...	...
Madras and Southern Mahratta	...	..	...	...	3,00,000	7,20	7,20
Oudh and Rohilkhand	...	750	34,155	31,905	...	...	...
Scinde Punjab and Delhi	...	13,275	6,11,911	5,70,585	...	...	...
Total England	6,360	44,250	17,22,916	16,09,425	3,08,925	7,29	7,29
Grand Total	54,15,77,506	57,26,42,888	62,94,69,002	68,92,12,833	76,25,69,919	79,32,29	84,07,29

Appendix III, Table IV—*continued.*

State Railways.	Accounts.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial.							
Assam-Bengal	51,49,556	52,58,747	52,42,112	55,08,773	62,66,776	85,45	77,98
Aden Tramway	...	20,093	1,09,400	1,75,253	2,56,014	3,60	...
Bengal-Nagpur	2,01,71,296	2,21,93,629	2,48,54,230	2,63,97,566	3,03,67,272	4,21,62	3,73,45
Bezwada Extension	2,45,505	2,58,429	2,81,452	2,44,255	1,68,179	2,49	2,30
Bombay, Baroda and Central India System	3,28,96,800	3,29,79,155	3,19,13,142	3,50,50,406	4,19,55,223	5,17,90	5,10,25
Burma Railways	1,23,78,879	1,15,45,605	1,15,02,897	1,17,98,856	1,38,97,390	1,65,50	1,80,86
Burma Railway Extensions	11,31,626	10,95,206	10,95,202	11,19,275	14,27,905	16,00	16,95
Southern Shan States	81,017	3,17,751	2,82,832	4,16,935	4,53,119	5,16	5,07
Eastern Bengal	2,20,08,629	2,12,05,545	2,00,85,079	2,01,05,680	2,25,04,170	2,97,50	3,06,53
East Indian	4,07,21,501	4,13,84,866	4,07,26,689	4,08,74,776	4,65,18,866	6,25,61	6,47,97
Great Indian Peninsula including Indian Midland	4,89,41,949	5,10,75,174	5,29,32,189	5,71,01,787	6,96,05,861	7,99,00	8,98,86
Agra-Delhi Chord	20,04,897	16,44,874	16,37,296	17,92,510	25,44,969	28,50	34,83
Bhopal	3,36,705	3,78,387	4,22,626	5,29,657	6,37,130	7,31	9,22
Baran-Kotah	74,301	1,10,620	1,21,549	80,939	91,657	1,10	1,11
Cawnpore-Banda	...	2,45,122	2,17,595	1,79,755	1,99,214	2,88	3,55
Jodhpur-Hyderabad (British Section)	6,19,736	6,73,618	7,61,906	8,87,890	9,37,398	10,35	10,23
Lucknow-Bareilly	10,23,291	9,75,409	9,94,176	11,01,609	13,29,501	17,25	14,25
North Western	5,14,15,494	4,93,13,607	4,83,45,891	5,24,46,336	6,86,38,796	7,92,71	8,96,75
Oudh and Rohilkhand	1,17,36,780	1,11,94,413	1,14,27,227	1,07,12,455	1,32,83,182	1,74,14	2,06,33
Hardwar-Dehra	2,33,253	...	...	...	...	...	...
Madras and Southern Mahratta Railway	2,15,04,612	2,23,26,647	2,42,85,663	2,46,21,576	2,68,03,903	3,38,00	3,73,90
Mysore State lines	21,06,654	20,28,447	20,86,945	19,91,442	22,00,032	25,90	22,64
Dhone Kurnool	71,918	77,593	84,783	73,322	87,891	99	1,14
South Indian	1,57,56,344	1,46,02,933	1,61,70,522	1,52,01,322	1,57,04,971	2,19,00	2,48,50
Tinnevelly Quilon	6,26,330	5,84,868	6,08,598	6,68,841	7,05,884	11,00	13,83
Tirhoot	39,22,982	37,07,574	38,94,803	43,76,248	40,64,400	48,67	38,34
Reserve	...	...	...	...	...	...	1,09,61
Total Imperial	29,51,60,055	29,51,98,312	29,95,84,804	31,34,57,514	37,06,49,703	46,08,63	50,04,45
Provincial.							
Jorhat	1,27,109	1,01,834	1,01,641	1,23,412	1,17,079	1,37	1,55
Grand Total	29,52,87,164	29,53,00,146	29,96,86,445	31,35,80,926	37,07,66,782	46,10,00	50,06,00
Gain by exchange	...	...	...	...	...	—90,00	...*
Net Revenue expenditure	29,52,87,164	29,53,00,146	29,96,86,445	31,35,80,926	37,07,66,782	45,20,00	50,06,00

* The total gain by exchange for 1920-21 is estimated at Rs. 3 crores; and this amount has been distributed among the several railways and are included in the individual Railways budget estimates entered in the column.

Appendix III, Table IV—*concluded.*

State Railways.	Accounts.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919.		
Net Traffic Receipts.	R	R	R	R	R	R	R
Imperial.							
Assam-Bengal	17,22,497	15,39,695	16,44,351	17,55,511	16,41,323	17,55	32,02
Aden Tramway	...	—5,621	44,179	—31,768	—55,994	15	...
Bengal-Nagpur	2,06,02,477	2,25,68,008	2,60,66,554	2,94,78,508	3,15,74,098	2,46,88	3,06,55
Bezwada Extension	1,94,085	1,99,709	2,08,221	2,68,924	3,54,282	2,84	3,20
Bombay, Baroda and Central India System	3,08,27,043	3,45,45,703	4,33,56,637	4,52,30,130	5,27,87,229	4,42,10	4,69,75
Burma Railways	94,21,905	85,53,140	1,06,84,354	1,02,67,021	1,24,73,091	1,30,50	1,27,14
Burma Railway Extensions	5,11,248	6,61,926	9,73,907	9,39,430	11,17,591	12,00	13,05
Southern Shan States	5,999	21,414	55,277	22,949	27,708	84	1,93
Eastern Bengal	1,10,98,926	1,41,32,723	1,69,36,406	1,47,69,091	1,57,03,274	1,52,50	1,63,47
East Indian	6,45,00,091	6,46,23,978	6,94,74,516	7,52,67,701	8,78,77,373	6,84,39	7,12,03
Great Indian Peninsula including Indian Midland	2,88,10,967	3,90,42,131	4,38,18,286	4,84,58,614	4,91,96,836	4,91,00	3,93,14
Agra-Delhi Chord	12,01,747	12,39,144	14,10,278	15,74,669	19,05,984	17,50	12,17
Bhopal	2,01,763	2,80,302	3,65,281	4,65,293	4,79,385	4,69	3,78
Baran-Kotah	75,668	1,10,620	1,21,548	80,989	91,657	1,40	1,89
Cawnpore-Banda	...	1,60,136	1,50,691	1,29,184	1,21,605	1,62	1,45
Jodhpur-Hyderabad (British Section)	4,32,959	4,65,904	6,19,546	10,65,766	10,53,046	6,15	6,77
Lucknow-Bareilly	10,29,465	9,00,667	15,33,804	15,78,065	18,24,795	10,75	15,75
North-Western	3,05,42,292	3,46,22,750	4,83,10,518	7,00,30,888	5,60,56,033	4,42,29	3,83,25
Oudh and Rohilkhand	90,60,919	1,14,26,629	1,47,49,228	1,74,87,915	1,96,65,753	1,38,86	1,13,67
Hardwar-Dehra	2,33,253	...	...	...	...	...	...
Madras and Southern Mahratta Railway	1,67,70,474	1,97,02,672	2,26,08,177	2,74,55,328	2,74,88,726	2,32,00	2,02,10
Mysore State lines	15,48,844	17,37,623	18,99,070	21,56,175	22,48,469	15,81	19,36
Dhone-Kurnool	40,775	53,435	55,217	46,894	60,823	80	86
South Indian	1,14,03,877	1,47,11,882	1,60,96,820	2,01,59,950	2,01,86,008	1,90,00	1,86,50
Tinnevelly-Quilon	2,65,752	4,01,070	4,18,756	4,77,362	8,05,578	7,00	7,17
Tirhoot	57,80,520	55,50,905	63,94,271	48,79,581	68,55,083	66,33	76,66
Reserve	...	...	...	...	...	...	1,40,39
Total Imperial	24,62,83,546	27,72,46,545	32,79,95,893	37,40,09,170	39,14,89,756	33,14,95	33,94,05
Provincial.							
Jorhat	436	51,947	63,748	13,312	4,456	5	—5
Total India	24,62,83,982	27,72,98,492	32,80,59,641	37,40,22,482	39,14,94,212	33,15,00	33,94,00
Gain by exchange	...	...	...	...	...	90,00	...
Grand Total	24,62,83,982	27,72,98,492	32,80,59,641	37,40,22,482	39,14,94,212	34,05,00	33,94,00
England.							
Bengal-Nagpur	2,910	3,540	4,590	4,950	5,475	6	6
East Indian	3,450	25,080	9,98,085	9,32,685	3,450	3	3
Eastern Bengal	...	1,605	74,175	69,300	...	...	...
Madras and Southern Mahratta	...	...	...	...	3,00,000	7,20	7,20
Oudh and Rohilkhand	...	750	34,155	31,905	...	...	...
Scinde Punjab and Delhi	...	13,275	6,11,911	5,70,585	...	...	...
Total England	6,360	44,250	17,22,916	16,09,425	3,08,925	7,29	7,29
Grand Total	24,62,90,342	27,73,42,742	32,97,82,557	37,56,31,907	39,18,03,137	34,12,29	34,01,29

Appendix III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1918-19, with Revised Estimates for 1919-20, and Budget Estimates for 1920-21.

	Actuals.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.		
	R	R	R	R	R	R	R
Direct Receipts—							
Lower Swat River canal	6,15,443	6,07,823	5,62,908	5,89,259	5,81,244	5,91,000	6,26,000
Kabul River canal	1,82,373	1,64,918	1,33,783	1,75,836	2,16,560	2,24,000	1,88,000
Godavari Delta system	1,70,251	1,39,319	1,47,533	1,37,075	1,55,750	1,58,000	1,52,000
Kistna „ „	86,329	1,03,293	1,12,416	1,22,646	1,18,196	1,20,000	1,20,000
Cauvery „ „	4,471	4,913	5,026	12,169	11,133	11,000	11,000
Penner River canals	3,367	4,337	2,705	2,489	2,548	2,000	2,000
Periyar project	7,597	14,541	15,654	10,352	17,496	17,000	17,000
Rushikulya project	3,870	2,993	2,521	2,379	1,382	3,000	3,000
Lower Coleroon anicut system	2,819	2,382	1,673	4,818	4,856	5,000	5,000
Shatiatope anicut „	660	855	926	816	738	1,000	1,000
Desert canal	77,146	93,735	1,13,838	76,673	69,189	1,02,000	94,000
Begari „	39,646	36,134	42,825	34,192	23,360	36,000	34,000
Eastern Nara works	18,708	14,904	18,325	35,573	22,366	23,000	20,000
Jamrao canal	22,614	37,416	45,095	72,799	31,939	44,000	44,000
Mutha canals	3,89,704	3,67,075	4,27,393	4,26,484	3,55,997	3,49,000	3,37,000
Nira canal	5,88,392	5,54,722	4,95,014	4,26,580	2,16,205	6,10,000	6,06,000
Midnapore canal	2,23,591	2,29,092	2,31,928	2,19,110	2,36,111	2,29,000	2,24,000
Hijili Tidal canal	30,371	48,987	57,804	59,161	68,764	71,000	76,000
Ganges canal (including Hathras Branch)	40,16,206	40,06,030	42,05,711	43,85,230	46,54,383	59,02,000	49,52,000
Lower Ganges canal	34,99,197	31,04,648	26,99,712	29,13,964	35,16,183	25,36,000	30,49,000
Agra canal	8,38,004	8,39,299	11,34,629	8,92,152	7,03,192	11,04,000	9,88,000
Eastern Jumna canal	15,25,253	14,14,917	14,97,457	14,27,780	15,00,441	18,15,000	16,20,000
Dun canal	1,25,770	1,06,491	1,21,512	1,24,719	1,22,220	1,25,000	1,25,000
Bijnor canal	43,294	42,006	47,484	55,811	51,643	56,000	38,000
Betwa canal	1,20,145	3,08,820	2,94,236	2,07,803	3,08,457	2,48,000	3,30,000
Western Jumna canal	30,18,745	27,77,563	29,44,574	30,84,359	26,57,331	34,00,000	32,00,000
Upper Bari Doab canal	39,47,124	41,03,892	45,43,416	42,33,249	44,22,346	47,00,000	46,00,000
Sirhind canal	38,95,706	31,38,533	42,21,539	33,37,868	27,71,315	44,00,000	41,00,000
Upper Chenab canal	6,25,236	9,56,871	23,08,947	19,95,104	18,74,384	23,00,000	21,00,000
Lower Chenab canal	84,96,689	84,48,507	87,70,559	85,64,733	89,47,068	93,00,000	92,00,000
Lower Jhelum canal	28,03,381	26,50,220	29,74,283	27,90,791	26,83,059	27,00,000	28,50,000
Indus Inundation canals	1,77,191	1,87,116	2,54,809	1,94,891	2,00,517	2,50,000	2,00,000
Mandalay canal	3,08,443	2,99,621	3,41,377	1,98,429	3,95,180	3,00,000	3,50,000
Shwebo canal	6,26,524	6,72,705	6,46,427	5,66,919	7,22,566	6,00,000	6,50,000
Mon canal	1,79,185	4,17,719	2,78,297	1,94,198	3,2..,230	2,00,000	2,75,000
Twante Canal	...	...	87,154	3,87,865	4,30,072	3,50,000	4,25,000
Orissa canals	5,49,374	5,70,240	5,79,993	5,80,779	5,86,802	6,00,000	5,88,000
Sone canal	17,32,222	20,10,113	18,77,145	19,13,565	19,96,830	22,25,000	20,71,000
Other projects	24,42,312	25,86,102	28,71,707	44,00,062	60,87,416	73,82,000	80,31,000
Total	4,13,77,353	4,10,69,852	4,51,68,395	4,48,58,712	4,70,91,269	5,30,89,000*	5,23,02,000*
Portion of Land Revenue due to Irrigation—							
Lower Swat River canal	50,683	50,787	50,822	50,908	51,408	51,000	51,000
† Kabul River canal	10,837	10,565	10,912	11,013	11,218	11,000	11,000
Godavari Delta System	36,61,044	39,03,086	37,36,767	39,30,717	41,09,649	41,10,000	40,50,000
Kistna „ „	33,63,382	33,55,896	32,55,216	34,10,544	32,91,710	34,25,000	34,00,000
Cauvery „ „	9,28,835	9,52,155	8,85,390	9,38,650	5,96,817	9,34,000	8,74,000
Penner River canals	5,46,350	5,66,512	5,58,189	5,94,984	5,97,957	5,84,000	5,69,000
Periyar project	5,62,302	5,79,521	5,22,792	5,74,421	6,99,399	6,99,000	6,84,000
Carried over	91,23,433	94,18,522	90,20,088	95,11,237	93,58,158	98,14,000	96,39,000

* Excluding Civil Officers' figures as under :—

	Revised. R	Budget. R
United Provinces	1,04,000	1,03,000
Panjab	7,000	7000
Total	1,11,000	1,10,000

† Transferred to '49' from 1st April 1907.

Appendix III, Table V—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1918-19, with Revised Estimates for 1919-20, and Budget Estimates for 1920-21—*continued.*

	Actuals.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.		
	R	R	R	R	R	R	R
PORTION OF LAND REVENUE DUE TO IRRIGATION—*contd.*							
Brought forward	91,23,433	94,18,522	90,20,088	95,11,237	93,58,158	98,14,000	96,39,000
Rushikulya Project	1,83,155	1,86,348	1,58,771	1,81,545	1,66,639	1,84,000	1,84,000
† Lower Coleroon anicut system	2,31,723	2,85,977	2,79,655	2,87,652	2,75,698	2,89,000	2,85,000
† Shatiatope anicut „	1,00,816	1,05,174	1,06,505	1,10,138	1,15,472	1,10,000	1,15,000
Desert canal	2,82,096	2,83,277	3,44,534	3,52,946	1,85,299	3,28,000	3,82,000
Begari „	5,21,982	5,23,830	6,18,472	5,45,315	3,27,356	4,70,000	5,15,000
Eastern Nara Works	6,13,984	6,35,477	6,21,058	5,41,305	4,79,813	5,31,000	5,28,000
Jamrao canal	6,14,236	9,51,780	7,31,782	7,34,575	6,96,317	6,65,000	6,45,000
Mutha canal	*—10,293*	*—9,503*	*—11,328*	*—9,693*	*—3,633*	...	...
Nira canal	*—28,662*	*—27,245*	*—24,363*	*—20,778*	*—19,463*	...	...
Ganges canal	9,85,219	10,07,894	10,30,532	10,30,532	10,30,532	10,31,000	10,31,000
Lower Ganges canal	5,43,619	6,50,478	7,39,647	7,55,271	7,57,789	7,58,000	7,58,000
Eastern Jumna canal	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	24,980	24,980	24,980	24,980	24,980	25,000	25,000
† Bijnor canal	14,984	14,984	14,984	14,984	14,984	15,000	15,000
Betwa canal	...	...	...	...	2,860	...	...
Western Jumna canal	2,09,125	2,30,990	2,08,310	2,30,276	2,18,741	2,23,000	2,23,000
Upper Bari Doab canal	4,52,948	6,16,293	6,68,875	7,13,348	6,87,188	7,10,000	7,00,000
Sirhind Canal	18,354	89,551	1,42,791	98,174	98,486	1,20,000	1,25,000
Upper Chenab canal	2,01,762	61,077	2,54,872	3,53,650	1,19,149	1,55,000	5,75,000
Lower Chenab canal	70,90,846	74,74,480	80,68,027	67,06,092	76,80,183	78,50,000	33,a2,000
Lower Jhelum canal	15,62,192	14,72,343	17,64,683	16,38,652	15,94,182	16,75,000	17,00,000
Indus Inundation canals	2,49,221	2,50,227	2,73,500	2,46,340	2,29,273	2,70,000	2,65,000
Mandalay canal	52,444	50,120	58,096	31,427	65,910	55,000	55,000
Shwebo canal	1,19,961	1,29,599	1,21,216	1,06,388	1,40,658	1,41,000	1,51,000
Mon canal	27,343	66,065	44,541	30,618	54,836	49,000	49,000
Other projects	15,28,542	18,59,144	18,92,448	20,64,000	40,02,795	42,89,000	54,02,000
TOTAL	2,50,17,962	2,66,05,805	2,74,06,628	2,65,33,426	2,65,67,154	3,00,11,000	3,19,58,000
TOTAL REVENUE—							
Lower Swat River canal	6,66,126	6,58,610	6,13,730	6,40,167	6,32,652	6,42,000	6,77,000
† Kabul river canal	1,93,210	1,75,483	1,94,695	1,86,349	2,27,778	2,35,000	1,99,000
Godavari Delta System	38,31,295	40,42,405	38,34,300	40,67,792	42,65,399	42,63,000	42,02,000
Kistna „ „	34,49,711	34,59,189	33,67,632	35,33,190	34,09,906	35,45,000	35,20,000
Cauvery Delta System	9,33,306	9,57,068	8,90,416	9,50,819	6,07,950	9,45,000	8,85,000
Penner River canals	5,49,717	5,70,849	5,60,894	5,97,473	6,00,505	5,86,000	5,71,000
Periyar Project	5,69,899	5,94,062	5,38,446	5,84,773	7,16,895	7,16,000	7,01,000
Rushikulya Project	1,87,025	1,89,341	1,61,292	1,83,924	1,68,021	1,87,000	1,87,000
† Lower Coléroon anicut system	2,84,542	2,88,359	2,81,328	2,92,470	2,80,554	2,94,000	2,90,000
† Shatiatope anicut system	1,01,476	1,06,029	1,07,431	1,10,954	1,16,210	1,11,000	1,16,000
Desert canal	3,59,242	3,77,012	4,58,372	4,29,619	2,54,488	4,30,000	4,76,000
Begari „	5,61,628	5,59,964	6,61,297	5,79,507	3,50,716	5,06,000	5,49,000
Eastern Nara works	6,32,692	6,50,381	6,39,383	5,76,378	5,02,179	5,54,000	5,43,000
Jamrao canal	6,36,850	9,89,196	7,76,877	8,07,374	7,28,256	7,09,000	6,89,000
Mutha canal	3,79,411	3,57,572	4,16,065	4,16,791	3,52,364	3,49,000	3,37,000
Nira canal	5,59,730	5,27,477	4,70,651	4,05,802	2,05,742	6,10,000	6,06,000
Midnapur canal	2,23,591	2,29,092	2,31,928	2,19,140	2,36,111	2,29,000	2,24,000
Hijili Tidal canal	30,371	48,987	57,804	59,161	68,764	71,000	76,000
Ganges canal (including Hathras Branch)	50,01,425	50,15,924	52,36,243	54,15,762	56,84,915	69,33,000	59,33,000
Lower Ganges canal	39,82,816	37,55,126	34,39,359	36,69,235	42,73,972	32,94,000	38,07,500
Agra canal	8,38,004	8,39,299	11,34,629	8,92,152	7,03,192	11,04,000	9,38,000
Eastern Jumna canal	17,79,205	16,68,869	17,51,409	16,31,732	17,54,393	20,69,000	18,74,000
† Dun canal	1,50,750	1,30,471	1,46,492	1,49,699	1,47,200	1,50,000	1,50,000
Carried over	2,59,02,022	2,61,90,765	2,60,20,673	2,64,51,263	2,62,88,162	2,85,37,000	2,76,50,000

† Transferred to 49 from 1st April 1907.

Appendix III, Table V—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1918-19, with Revised Estimates for 1919-20, and Budget Estimates for 1920-21—*continued.*

	Actuals.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.		
	R	R	R	R	R	R	R
TOTAL REVENUE—*concld.*							
Brought forward	2,59,02,022	2,61,90,765	2,60,20,673	2,64,51,263	2,62,88,162	2,85,37,000	2,76,50,000
† Bijnor canal	58,278	56,990	62,468	70,795	66,627	71,000	53,000
Betwa canal	1,20,145	3,08,820	2,94,236	2,07,803	3,11,317	2,48,000	3,30,000
Western Jumna canal	32,27,870	30,08,553	31,52,884	33,14,635	28,76,072	36,23,000	34,23,000
Upper Bari Doab canal	44,00,072	47,20,185	52,12,291	49,46,597	51,09,534	54,10,000	53,00,000
Sirhind canal	39,14,060	32,28,084	43,64,330	34,36,042	28,69,301	45,20,000	42,25,000
Upper Chenab canal	8,26,998	10,17,948	25,63,819	23,48,754	19,93,333	24,55,000	26,75,000
Lower Chenab canal	1,55,87,535	1,59,22,987	1,68,38,586	1,52,70,825	1,66,27,251	1,71,50,000	1,75,42,000
Lower Jhelum canal	43,65,573	41,22,563	47,38,966	44,29,443	42,77,241	43,75,000	45,50,000
Indus Inundation canals	4,26,412	4,37,343	5,28,309	4,41,731	4,29,790	5,20,000	4,65,000
Mandalay canal	3,60,887	3,49,741	3,99,473	2,29,856	4,61,090	3,55,000	4,05,000
Shwebo canal	7,46,485	8,02,295	7,67,643	6,73,307	8,63,224	7,41,000	8,01,000
Mon canal	2,06,528	4,83,784	3,22,838	2,24,816	3,81,066	2,49,000	3,24,000
Twante canal	...	...	87,154	3,87,865	4,30,072	3,50,000	4,25,000
Orissa canals	5,49,374	5,70,240	5,79,993	5,80,779	5,86,802	6,00,000	5,88,000
Sone canals	17,32,222	20,10,113	18,77,145	19,13,565	19,96,330	22,25,000	20,71,000
Other Projects	39,70,854	44,45,246	47,64,215	64,64,062	1,00,90,211	1,16,70,000	1,34,33,000
TOTAL	6,63,95,315	6,76,75,657	7,25,75,023	7,13,92,138	7,56,58,423	8,31,00,000	8,42,60,000
WORKING EXPENSES—							
Lower Swat River canal	1,42,420	2,00,376	1,31,892	1,64,566	1,87,645	2,05,000	1,50,000
†Kabul River canal	85,982	1,50,367	1,28,652	92,649	1,01,045	1,06,000	82,000
Godavari Delta system	7,99,842	7,13,808	6,42,601	7,41,976	6,27,054	5,44,000	5,00,000
Kistna „ „	8,06,121	6,92,492	5,43,181	6,03,430	5,13,465	5,40,000	3,90,000
Cauvery „ „	1,76,385	1,35,005	1,05,174	1,26,453	1,38,520	2,57,000	2,17,000
Penner River canals	64,794	68,411	74,050	69,132	40,741	58,000	1,08,000
Periyar Project	1,14,584	1,27,194	1,15,949	1,14,725	1,06,250	98,000	92,000
Rushikulaya Project	58,261	67,877	63,335	48,439	55,352	41,000	48,000
†Lower Coleroon anicut system	1,41,209	58,257	57,453	70,073	94,670	66,000	70,000
†Shatiatope anicut system	52,811	26,318	28,002	22,904	23,576	23,000	23,000
Desert canal	1,15,901	90,685	98,239	92,745	86,379	1,33,000	1,60,000
Begari canal	1,32,987	1,38,051	1,22,794	1,15,226	1,41,559	1,33,000	1,86,000
Eastern Nara Works	1,61,408	2,02,840	1,85,616	2,11,666	2,62,912	2,68,000	2,54,000
Jamrao canal	3,05,604	3,22,584	3,24,218	4,74,551	3,53,301	3,97,000	3,05,000
Mutha canals	1,13,309	1,39,694	1,56,807	1,69,372	1,96,897	1,49,000	78,000
Nira canal	1,29,992	1,22,590	1,22,374	1,11,880	1,07,669	1,37,000	91,000
Midnapore canal	1,32,836	1,37,172	1,58,613	1,19,659	1,64,704	2,03,000	2,01,000
Hijili Tidal canal	1,24,864	58,850	27,191	51,641	66,380	22,000	24,000
Ganges canal	12,14,984	11,92,670	11,94,071	12,49,475	12,08,172	13,18,000	13,05,000
Lower Ganges canal	10,32,134	10,23,669	9,93,404	9,54,153	10,54,375	10,38,000	10,84,000
Agra canal	3,14,546	3,05,337	3,06,046	2,98,032	2,76,845	3,07,000	3,08,000
Eastern Jumna canal	3,71,395	3,64,262	3,43,107	3,42,992	3,73,845	3,64,000	3,53,000
†Dun canal	56,821	59,501	81,460	61,503	86,094	99,000	90,000
†Bijnor canal	27,185	24,751	27,322	28,608	13,871	24,000	25,000
Betwa canal	2,17,639	2,31,528	2,07,676	2,01,462	1,38,572	1,66,000	1,64,000
Western Jumna canal	13,07,508	13,26,245	12,80,062	12,89,886	12,60,027	14,65,000	13,76,000
Upper Bari Doab canal	13,72,589	12,84,560	13,21,218	12,46,760	12,36,034	14,33,000	12,42,000
Sirhind canal	11,21,809	11,58,609	13,05,269	11,79,282	11,02,441	11,70,000	10,91,000
Upper Chenab canal	7,47,390	7,99,400	7,96,944	10,26,583	12,06,359	12,10,000	12,33,000
Lower Chenab canal	21,94,802	31,20,602	25,65,018	23,03,271	22,13,758	24,00,000	22,14,000
Lower Jhelum canal	8,23,556	7,53,848	9,14,193	8,46,172	7,95,549	8,40,000	8,25,000
Carried over	1,44,62,168	1,50,97,548	1,44,22,431	1,44,29,316	1,42,34,061	1,52,14,000	1,42,89,000

† Transferred to 49 from 1st April 1907.

Appendix III, Table V—*concluded.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1918-19, with Revised Estimates for 1919-20, and Budget Estimates for 1920-21—*concluded.*

	Actuals.					Revised Estimate, 1919-20.	Budget Estimate, 1920-21.
	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.		
	R	R	R	R	R	R	R
Brought forward	1,44,62,168	1,50,97,548	1,44,22,431	1,44,29,316	1,42,34,061	1,52,14,000	1,42,89,000
WORKING EXPENSES—*concld.*							
Indus Inundation canals	3,98,155	4,25,491	3,78,919	3,81,384	2,55,854	3,00,000	2,76,000
Mandalay canal	4,49,555	1,38,004	1,54,504	70,464	1,00,535	96,000	1,01,000
Shwebo canal	2,77,472	2,57,047	2,44,204	2,49,653	3,10,132	3,23,000	3,54,000
Mon canal	2,09,798	1,95,640	1,58,933	1,35,650	1,27,082	1,87,000	1,52,000
Twante canal	...	...	6,928	83,398	1,09,641	1,13,000	1,14,000
Orissa canal	5,65,147	4,75,648	4,72,120	4,56,369	3,79,150	4,28,000	4,09,000
Sone canal	6,80,929	7,48,349	7,09,790	7,74,507	7,64,464	8,17,000	8,65,000
Other projects	22,97,673	32,86,074	37,20,088	44,86,061	50,65,275	54,20,000	54,46,000
Reserve	...	...	...	...	...	...	34,000
TOTAL	1,93,40,897	2,06,23,801	2,02,67,917	2,10,67,302	2,13,46,194	2,28,98,000*	2,20,40,000*
NET REVENUE—							
Lower Swat River canal	5,23,706	4,58,234	4,81,838	4,75,601	4,45,007	4,37,000	5,27,000
Kabul River canal	1,07,228	25,116	66,043	94,200	1,26,733	1,29,000	1,17,000
Godavari Delta system	30,31,453	33,28,602	32,41,699	33,25,816	36,38,345	37,24,000	37,02,000
Kistna „ „	26,43,590	27,66,697	28,24,451	29,29,760	28,96,441	30,05,000	31,80,000
Cauvery „ „	7,56,921	8,22,063	7,85,242	8,24,366	4,69,430	6,88,000	6,68,000
Penner River canals system	4,84,923	5,02,438	4,86,944	5,28,341	5,59,764	5,28,000	4,63,000
Periyar Project	4,55,315	4,66,868	4,22,497	4,70,048	6,10,645	6,18,000	6,09,000
Rushikulya Project	1,28,764	1,21,464	97,957	1,35,435	1,12,669	1,46,000	1,39,000
Lower Coleroon anicut system	1,43,333	2,30,102	2,23,875	2,22,397	1,85,884	2,28,000	2,20,000
Shatiatope anicut „	48,665	79,711	79,429	88,050	92,634	88,000	93,000
Desert canal	2,43,341	2,86,327	3,60,133	3,36,874	1,68,109	2,97,000	3,16,000
Begari „	4,28,641	4,21,913	5,38,503	4,64,281	2,09,157	3,73,000	3,63,000
Eastern Nara Works	4,71,284	4,47,541	4,53,767	3,65,212	2,39,267	2,86,000	2,89,000
Jamrao canal	3,31,246	6,66,612	4,52,659	3,32,823	3,74,955	3,12,000	3,84,000
Mutha canals	2,65,602	2,17,878	2,59,258	2,47,419	1,55,467	2,00,000	2,59,000
Nira canal	4,29,738	4,04,887	3,47,777	2,93,922	98,073	4,73,000	5,15,000
Midnapur canal	90,755	91,920	73,315	99,481	71,407	26,000	23,000
Hijili Tidal canal	*—94,493*	*—9,863*	30,613	7,520	2,384	49,000	52,000
Ganges canal (including Hathras Branch).	37,86,441	38,23,254	40,42,172	41,66,287	44,76,743	56,15,000	46,78,000
Lower Ganges canal	29,50,682	27,31,457	24,45,955	27,15,082	32,19,597	22,56,000	27,23,000
Agra canal	5,23,458	5,33,962	8,28,583	5,94,120	4,26,347	7,97,000	6,80,000
Eastern Jumna canal	14,07,810	13,04,607	14,08,302	13,38,740	13,80,548	17,05,000	15,21,000
Dun canal	93,929	70,970	65,032	88,196	61,106	51,000	60,000
Bijnor canal	31,093	32,239	35,146	42,137	52,756	47,000	28,000
Betwa canal	—97,494	77,292	86,560	6,341	1,72,745	82,000	1,66,000
Western Jumna canal	19,20,362	16,82,308	18,72,822	20,24,749	16,16,045	21,58,000	20,47,000
Upper Bari Doab canal	30,27,483	34,35,625	38,91,073	36,99,837	38,73,500	39,77,000	40,58,000
Sirhind canal	27,92,251	20,69,475	30,59,061	22,56,760	17,67,360	33,50,000	31,34,000
Upper Chenab canal	79,608	2,18,548	17,66,875	13,22,171	7,86,974	12,45,000	14,42,000
Lower Chenab canal	1,33,92,733	1,28,02,385	1,42,73,568	1,29,67,554	1,44,13,493	1,47,50,000	1,53,28,000
Lower Jhelum canal	35,42,017	33,68,715	38,24,773	35,83,271	34,81,692	35,35,000	37,25,000
Indus Inundation canals	28,257	11,852	1,49,390	60,347	1,73,936	2,20,000	1,89,000
Mandalay canal	—88,668	2,11,737	2,44,969	1,59,392	3,60,555	2,59,000	3,04,000
Shwebo canal	4,69,013	5,45,248	5,23,439	4,23,654	5,53,092	4,18,000	4,47,000
Mon canal	—3,270	2,88,144	1,63,905	89,166	2,53,984	62,000	1,72,000
Twante canal	...	...	80,226	3,03,967	3,20,431	2,37,000	3,11,000
Orissa canals	—15,773	94,592	1,07,873	1,24,410	2,07,652	1,72,000	1,79,400
Sone canals	10,51,293	12,61,764	11,67,355	11,39,058	12,32,366	14,08,000	12,06,000
Other projects	16,73,181	11,59,172	10,44,127	19,78,001	50,24,936	62,51,000	79,37,000
Reserve	...	...	...	...	...	...	—34,000
TOTAL	4,70,54,418	4,70,51,856	5,23,07,106	5,03,24,836	5,43,12,229	6,02,02,000	6,22,20,000

*Excluding Civil Officers' figures as under :—

	Revised.	Budget.
	Rs.	Rs.
United Provinces	13,000	12,000
Panjab	1,000	1,000
	14,000	13,000

Appendix III—*continued.*

Table VI—Capital Account of Subsidized Railways.

Actuals, 1918-1919.

Railways.	Amount in sterling.	Equivalent at Rs. 15=£1.
Subsidized Railways.	£	Rs.
Receipts.		
Capital received in India.		
Ahmedabad Parantij	33	500
Amritsar-Patti-Kasur	...	...
Baripada-Talbond	2,333	35,000
Bombay, Baroda and Central India Railway Branch Lines	...	...
Branch lines under the audit of the Government Examiner, East Indian Railway	5,175	77,623
Central Provinces Railways	1,733	26,000
Chaparmukh-Silghat	5,534	83,010
Dhond-Baramati	767	11,500
Hardwar-Dehra	419	6,287
Kalighat-Falta	2,085	31,267
Katakhal Lalabazar	596	8,940
Khulna-Bagerhat	5,846	87,700
Mandra-Bhaun	...	...
Mymensingh-Bhairab Bazar	39,333	5,90,000
Mymensingh-Jamalpur-Jagannathganj	...	...
Nawshahr Jaijon Extension	...	...
Pachora-Jamner	16,971	2,54,558
Panposh Raipura	34,769	5,21,528
Pulgaon-Arvi	...	...
Sara-Serajganj	...	...
Sialkot-Narowal	*—3,333*	*—50,000*
Total Receipts	112,261	16,83,913
Withdrawals in India.		
Assam-Bengal	*—77,450*	*—11,61,750*
Bengal-Nagpur	*—1,135,752*	*—1,70,36,285*
Burma	*—52,554*	*—7,88,315*
Lucknow-Bareilly	*—2,225*	*—33,374*
Madras and Southern Mahratta	24,952	3,74,284
	—1,243,029	*—1,86,45,440*
Ahmedabad Parantij	1	24
Amritsar-Patti-Kasur	14	205
Baripada-Talbond	3,360	50,395
Bombay, Baroda and Central India Railway Branch Lines	...	...
Branch lines under the audit of the Government Examiner, East Indian Railway	5,220	78,300
Central Provinces Railways	1,532	22,982
Chaparmukh-Silghat	7,356	1,10,342
Dhond-Baramati	780	11,696
Hardwar-Dehra	675	10,128
Kalighat-Falta	2,207	33,100
Katakhal Lalabazar	968	14,512
Khulna-Bagerhat	8,968	1,34,517
Mandra-Bhaun	132	1,986
Mymensingh-Bhairab Bazar	40,148	6,02,219
Mymensingh-Jagannathganj	198	2,976
Nawshahr-Jaijon Extension	...	...
Pachora-Jamner	14,366	2,15,496
Panposh Raipura Extension	34,779	5,21,685
Pulgaon-Arvi	*—735*	*—11,030*
Sara-Serajganj	1,233	18,505
Sialkot-Narowal	*—1,015*	*—15,234*
Tapti Valley	117	1,750
	120,304	18,04,554
Total Withdrawals	—1,122,725	—1,68,40,886
Net Withdrawals	—1,234,986	—1,85,24,799

Appendix III, Table VI—*continued.*

Table VI—Capital Account of Subsidized Railways—*continued.*

Revised, 1919-1920.

Railways.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)
	£	Rs.
Subsidized Railways.		
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	3	4
Baripada-Talbond	44,9	6,74
Bombay, Baroda and Central India Railway Branch Lines	...	...
Central Provinces Railways	3,2	48
Chaparmukh Silghat	29,7	4,45
Dhond-Baramati	1	2
Hardwar-Dehra	1,3	20
Katakhal Lalabazar	13,0	1,95
Khulna-Bagerhat	...	...
Mandra-Bhaun	...	...
Mymensingh-Bhairab Bazar	2,7	40
Mymensingh-Jamalpur-Jagannathganj	...	...
Nawshahr-Jaijon Extension	1	2
Pachora-Jamner	1,1	17
Panposh-Raipura	15,5	2,31
Sara-Serajganj	...	...
Sialkot-Narowal	...	...
Variations anticipated	1,5	23
Total Receipts	113,4	17,01
Withdrawals in India.		
Assam-Bengal	—315,3	—47,29
Bengal-Nagpur	—2,045,9	—3,06,89
Burma	—107,4	—16,10
Lucknow-Bareilly	5,8	87
Madras and Southern Mahratta	99,1	14,86
Gain by exchange	—330,7	—49,61
	—2,694,4	—4,04,16
Amritsar-Patti-Kasur	9	13
Baripada-Talbond	45,2	6,77
Bombay, Baroda and Central India Railway Branch Lines	5	8
Central Provinces Railways	5,3	80
Chaparmukh Silghat	30,0	4,50
Dhond-Baramati	2	4
Hardwar-Dehra	1,5	22
Katakhal Lalabazar	13,3	2,00
Khulna-Bagerhat	4	7
Mandra-Bhaun	1	1
Mymensingh-Bhairab Bazar	6,9	1,03
Mymensingh-Jagannathganj	1	1
Nawshahr-Jaijon Extension	1	2
Pachora-Jamner	3,0	45
Panposh-Raipura	15,6	2,34
Sara-Serajganj	3,5	52
Sialkot-Narowal	1,0	15
Variations anticipated	1,9	29
	129,5	19,43
Total Withdrawals	—2,564,9	—3,84,73
Net Withdrawals	—2,678,3	—4,01,74

Appendix III, Table VI—*concluded.*

Table VI—Capital Account of Subsidized Railways—*concluded.*

Budget Estimate, 1920-1921.

Railways.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15-.21 (Omitting 000.)
Subsidized Railways.	£	Rs.
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	1,4	21
Baripada-Talbond	4,3	64
Bombay, Baroda and Central India Railway Branch Lines	3,3	49
Central Provinces Railways	35,1	5,27
Chaparmukh Silghat	13,3	2,00
Dhond-Baramati	7	10
Hardwar-Dehra	2,6	40
Katakhal Lalabazar	39,3	5,90
Khulna-Bagerhat	2,8	42
Mandra Bhaun	...	...
Pachora-Jamner	1,3	20
Panposh-Raipura	6,1	91
Sara-Serajganj	...	...
Variations anticipated	1	1
Total Receipts	110,3	16,55
Withdrawals in India.		
Assam-Bengal	—586,0	—87,90
Bengal-Nagpur	—2,738,3	—4,10,75
Burma	—32,0	—4,79
Lucknow-Bareilly	—192,1	—28,81
Madras and Southern Mahratta	40,1	6,01
Gain by exchange	—897,9	—1,34,55
Total	—4,405,3	—6,60,79
Amritsar-Patti-Kasur	1,4	21
Baripada-Talbond	4,3	64
Bombay, Baroda and Central India Railway Branch Lines	3,6	54
Central Provinces Railways	35,1	5,27
Chaparmukh Silghat	13,3	2,00
Dhond-Baramati	7	10
Hardwar-Dehra	2,6	40
Katakhal Lalabazar	39,3	5,90
Khulna-Bagerhat	3,2	48
Mandra Bhaun	1	2
Pachora-Jamner	1,3	20
Panposh-Raipura	6,1	91
Sara-Serajganj	22,0	3,30
Sialkat Narowal	7	11
Variations anticipated	—2	—5
	133,5	20,03
Total Withdrawals	—4,271,8	—6,40,76
Net Withdrawals	—4,382,1	—6,57,31

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